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THE *Southwestern* SOCIAL SCIENCE QUARTERLY

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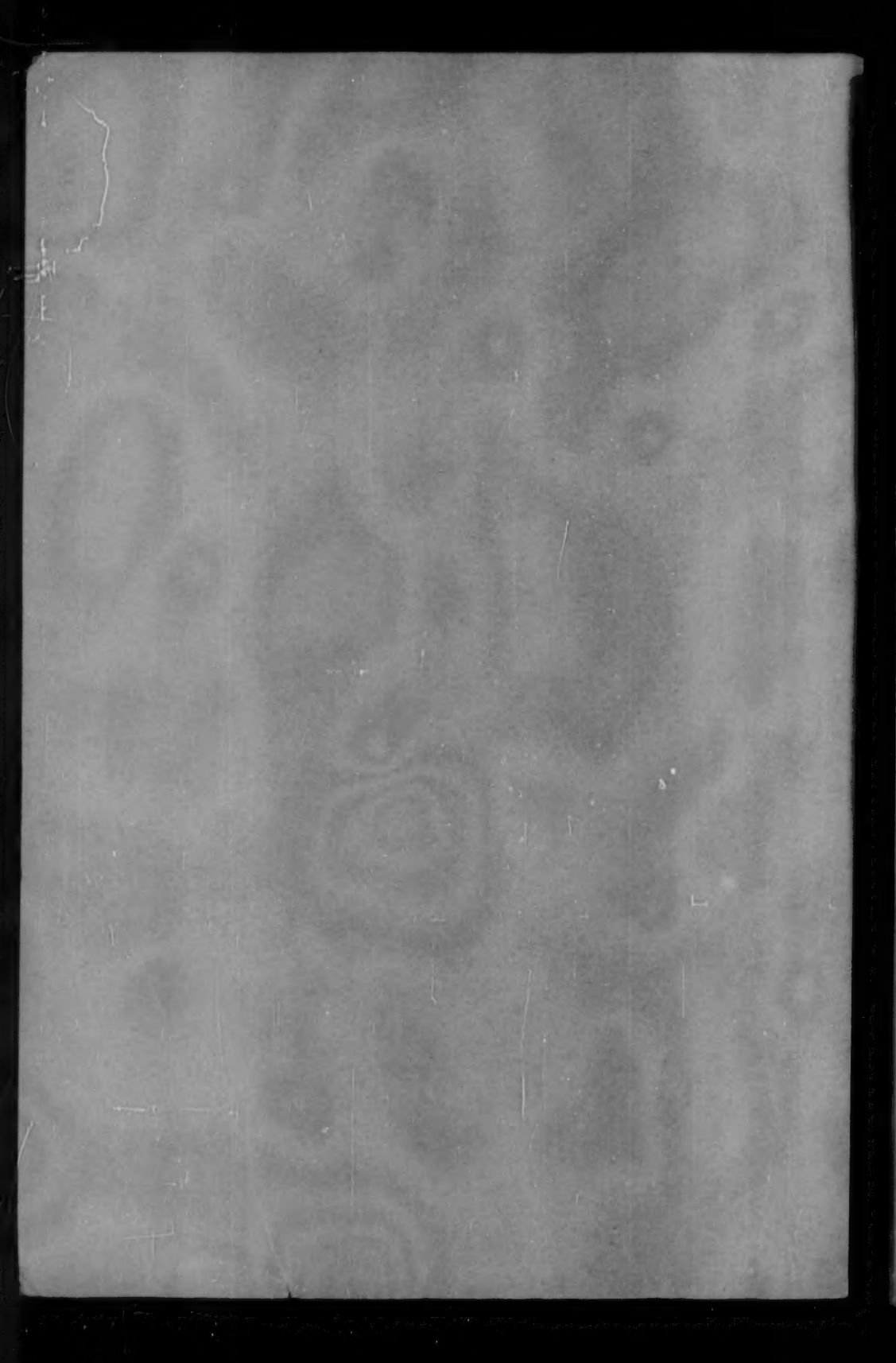
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The Ferguson War on the University of Texas

RALPH W. STEEN

Annual Convention Program

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The Economic Role of International Monetary Blocs

DAVID TOWNSEND
UNIVERSITY OF HOUSTON

I

THE INTERNATIONAL financial policy of the United States has traditionally supported free multilateral trade. Promotion by the United States of the European Payments Union, which involves discriminatory trade controls, may be construed as a temporary deviation from the traditional objective. In 1952 the Joint Committee on the Economic Report of the Congress stated: "It is a major aim of the international economic policy of the United States to promote the sound growth of multilateral trade and to discourage bilateral and discriminatory trade practices. . . ."¹ Supporting the policy of the United States is the conclusion of classical trade theory that free multilateral trade results in a more economical use of resources than any form of controlled trade.

The essential characteristic of an international monetary bloc is discrimination between members and nonmembers. In order to effect discriminatory treatment, the governments of the member nations must control the foreign monetary transactions of their citizens. Therefore, the existence of an international monetary bloc requires control of foreign-exchange transactions by the member governments, and different treatment by the controlling authorities for members and nonmembers.

Current examples of international monetary blocs are the Sterling Area and the European Payments Union. These two monetary arrangements are called international monetary blocs because they provide for multilateral settlement of current balances within the bloc while partially insulating the bloc members from the outside world.

There are sharp differences between classical trade policy and the institutional arrangement defined here as an international monetary bloc. There-

¹ Report of the Subcommittee on General Credit Control and Debt Management, Joint Committee on the Economic Report, 82d Cong., 2d sess., "Monetary Policy and the Management of the Public Debt," 1952, p. 66.

fore, the first and major task of a study of the economic role of international monetary blocs is to determine whether or not controlled trade and discrimination can be defended on economic grounds. If an economic defense of the bloc device cannot be constructed, the major task becomes a search for evidence to determine whether or not discriminatory controls must be accepted by the economist as necessary conditions that cannot be altered.

It is probably true that factor mobility across national and regional boundaries will, other things being equal, cause a more economical use of resources than international immobility of resources. Yet, in constructing a theoretical model that could be used as a basis for policy, classical writers assumed international immobility of the factors of production in the interest of realism. Similarly, for the modern economic model-builder, the discovery that the existence of discriminatory trade controls will be inevitable in some circumstances serves as a substitute for an economic justification of them.

II

A foundation for answering the question as to the justification of discriminatory controls and the place such controls should have in trade theory and policy may begin with the classical model of an international price system. The classical system is a model characterized by static equilibrium at the position of optimum resource allocation (i.e., optimum from the standpoint of want satisfaction). When the equilibrium is disturbed, the disturbance is not general but isolated. Disequilibrium is eliminated by the forces of competition and resource mobility, which assure a timeless structural readjustment that does not permit unemployment. In different words, the international price system works perfectly and quickly reallocates resources to achieve a new optimum equilibrium. The supply of money and credit, like water, automatically seeks in each country that level which allows the price system to perform its task of maintaining equilibrium. Finally, the classical model of an international system may be summarized by saying that it represents an extension of a perfectly competitive price system from a closed economy to a world economy.

Clearly, there can be no economic justification for discriminatory controls in the classical world. Perfection results from the working of automatic forces, and any possible function of an international monetary bloc is eliminated. Furthermore, the perfection of the classical model offers no apparent reason for assuming that government trade-controls are unalterable conditions regardless of the economic justification for controls.

A major modification of the classical model, an international adjustment, in which mechanism is based on income changes and which replaces the

price-specie flow mechanism of adjustment in classical theory, has been introduced.² The income modification cracks the classical armor of perfection and permits the development of a case for discriminatory controls.

Perhaps the most effective method of demonstrating the case for international trade-controls when the international adjustment mechanism is based on income changes is to view international trade as participation in a system of international division of labor, and, as such, a device to save labor.³ Viewing international trade as a labor-saver casts doubt upon the rationality of uncontrolled international trade that causes domestic unemployment. The question arises as to whether the labor saved as a result of the international division of labor will always more than offset that amount of labor wasted in domestic unemployment which results from free trade. Furthermore, if it can be shown that the volume of trade may be smaller in the absence of controls (because of the international spread of depression) than when controls are used (which may prevent the international spread of depression), the case for controls is greatly strengthened.

Taking full cognizance of the income and employment effects of participation in the international division of labor, many modern writers conclude that the classical model may be used as a theoretical basis for economic policy only if all nations maintain full employment in their domestic economies. These writers, who may be referred to in a broad sense as "optimistic Keynesians," look upon the classical error as a failure to account for the business cycle.⁴ Therefore, eliminating the business cycle by utilizing compensatory

² The classical approach has been modified by the theory of employment and income which is associated in economic writings with the name of John Maynard Keynes. However, the integration of Keynes' theory of income and employment with the theory of the international adjustment mechanism was not done by Keynes but by others. For example, see Joan Robinson, "The Foreign Exchanges," and "Beggars-My-Neighbor Remedies for Unemployment," *Essays in the Theory of Employment*, Part III (London, Macmillan and Co., Ltd., 1937). Fritz Machlup, *International Trade and the National Income Multiplier* (Philadelphia, The Blakiston Company, Inc., 1943). Ragnar Narkse, "Domestic and International Equilibrium," in *The New Economics*, ed. Seymour Harris (New York, Alfred A. Knopf, Inc., 1948).

³ E. F. Schumacher, *Export Policy and Full Employment* (London, Fabian Publications, Ltd., Research Series No. 77, 1943). Schumacher states that full employment at home is barren without participation in the international division of labor. But participation in the international division of labor is nonsensical without full employment at home. The following statement demonstrates his point: "... a participation in the international division of labour increases the efficiency of labour. It is more efficient to produce bananas 'indirectly' in cotton mills than to produce them 'directly' in glass houses. But the inefficiency of the latter course is only a *relative* inefficiency; whereas the inefficiency of letting available labour rot in frustration is an absolute one: worse than that, it is a crime" (p. 6).

⁴ For example, Michael Polanyi, *Full Employment and Free Trade* (Cambridge, Cambridge University Press, 1948). Robert Triffin, "National Central Banking and the International Economy," in *International Monetary Policies* (Washington, Board of Governors, Federal Reserve System, 1947), 46-81. Calvin B. Hoover, *International Trade and Domestic*

monetary-fiscal measures to maintain full employment restores the validity of the classical system.

The origin of the optimistic Keynesian group is found in the following statement from *The General Theory*: "But if nations can learn to provide themselves with full employment by their domestic policy . . . there need be no important economic forces calculated to set the interest of one country against that of its neighbours."⁵ Maintain full employment at home and economic harmony and peace shall reign over the family of nations. Herein lies the explanation of the classification of those who follow this particular facet of Keynes' work as "optimistic Keynesians."

To achieve international perfection similar to that achieved by the classicists, the optimistic Keynesians prescribe a formula of full employment and limited flexibility of exchange rates. If a trading nation should not make good on its obligation to maintain full employment, that nation would be isolated by controls which discriminate against it alone. These three provisions of the optimists' formula are reflected in the Articles of Agreement of the International Monetary Fund.

Despite the optimism of these writers, the scarce-currency provisions of the Fund agreement do provide a monetary arrangement that bears a faint resemblance to an international monetary bloc.⁶ The scarce-currency provisions reveal an awareness of the income effects in the international adjustment mechanism, and of the economic logic of curtailing free multilateral trade when it causes domestic unemployment.

The main thesis of writers who may be called "pessimistic Keynesians" is that government maintenance of domestic full employment is incompatible with free multilateral trade.⁷ The position of the pessimists implies that the

Employment (New York, McGraw-Hill Book Co., 1945). Alvin H. Hansen, *America's Role in the World Economy* (New York, W. W. Norton & Co., Inc., 1945).

⁵ John Maynard Keynes, *The General Theory of Employment, Interest, and Money* (New York, Harcourt, Brace & Co., 1936), 382.

⁶ These provisions allow the Fund to ration the currency of a nation that is enjoying a persistent surplus in its current balance. The rationing is obviously designed to eliminate the surplus by reducing the exports of the country having the surplus. To make doubly sure it is eliminated, the Fund allows the other member countries to impose discriminatory controls over purchases from the country with the surplus.—*Articles of Agreement, International Monetary Fund* (Washington, D.C., International Monetary Fund, 1944), 13-15. Mikesell suggests that invoking the scarce-currency provisions would result in the creation of an international monetary bloc. See R. F. Mikesell, "The Role of the International Monetary Agreements in a World of Planned Economies," *Journal of Political Economy* (December, 1947), 508.

⁷ For example, Thomas Balogh, "The International Aspects of Full Employment," in *The Economics of Full Employment* (Oxford, Basil Blackwell, 1945), 126-80. W. H. Beveridge, *Full Employment in a Free Society* (New York, W. W. Norton & Company, Inc., 1945), 208-41, cited hereafter as *Full Employment*. In his case study of Britain's postwar experience, M. W. Hogg calls attention to the cleavage between the followers of Keynes, who see harmony in the policies of full employment and multilateralism and those who see a

optimists oversimplify when they attack the business cycle as the only cause of disturbance to international equilibrium. The pessimists deny that a full-employment agreement among trading nations could be successful.⁸ The pessimists' position vigorously denies the appropriateness of exchange depreciation.⁹ And finally, the Fund's scarce-currency provisions are said to place an unfair burden of adjustment on the nation or nations that import heavily from the ostracized offender.¹⁰

A corollary to the pessimists' argument might begin by recognizing that in a dynamic world-economy there is a constant bombardment of disturbances on the balance-of-payments of all nations. The next step is to show that the survival of free multilateral trade requires adjustments to the disturbances that in turn require income changes. The point can then be made that national full-employment policies prevent the income adjustments and thereby tend to magnify the balance-of-payments disequilibrium caused by the initial disturbances.

The pessimistic view presents an either-or approach to domestic employment and monetary and credit policy. In the classical system, the level of income and employment and the supply of money and credit were allowed to fluctuate in accordance with the dictates of international equilibrium. This laissez-faire policy was designed to ensure the achievement of the goal of free multilateral trade. The optimistic Keynesians propose that income, employment, and monetary and credit policies of national governments be directed toward maintaining domestic prosperity at the full-employment level. The pessimists contend that if income, money, and credit policies become tools to maintain domestic prosperity they cannot at the same time be free to permit the adjustments which international equilibrium requires. And if international disequilibrium is chronic, or if equilibrium cannot be achieved, free multilateral trade cannot survive. The pessimists' position may be summarized thus: The levels of income, money, and credit may be used either to maintain international equilibrium and free multilateral trade, or to promote domestic full employment.

The validity of the classical model, even under conditions of full employment, has been re-examined. Currently students of international economics are concerned with international disequilibrium of longer duration than the business cycle.¹¹

necessity for, and advantage in, restricting foreign trade while pursuing domestic full-employment. He calls this latter group "new mercantilists."—*Full Employment Policies and International Equilibrium* (Ph.D. dissertation, University of Chicago, June, 1950).

⁸ Beveridge, *Full Employment*, 239–40.

⁹ Balogh, "The International Aspects of Full Employment," 142–46.

¹⁰ Beveridge, *Full Employment*, 323.

¹¹ C. P. Kindleberger, *The Dollar Shortage* (New York, John Wiley & Sons, Inc., 1950); see also his article, "International Disequilibrium," *Canadian Journal of Economics and*

A modern theory of twentieth-century international imbalance may be divided into two parts. First, it is possible to develop a single setting that explains the sensitivity of the international community to disequilibrating forces. It is then possible to show how differential rates of growth of productivity can upset a system of multilateral trade.

The League of Nations' statistical description of the development of the network of world trade makes a fundamental contribution to the thesis that the international community has been susceptible to disequilibrating forces in the twentieth century.¹² The study disclosed that the multicountry balancing of international accounts is a phenomenon that matured in the first two decades of the present century. The study also pointed out that the new multilateral system of trading soon included almost all of the trading nations. Important too, is the discovery that multilateral balancing did not take place within several isolated groups of countries, but in a single world system to which almost all countries belonged.

The integration of all nations into one multilateral system helps to explain how balance-of-payments disequilibrium in one sector of the system spreads to other sectors. Hence, the development of an intricate world-wide system of multilateral trade in the twentieth century offers substantial support to the thesis of international susceptibility to disequilibrating forces.

Kindleberger's contribution to the susceptibility thesis is his analysis of inelasticity of demand-and-supply in the twentieth century.¹³ This inelasticity prevents or slows down international adjustment, and magnifies the seriousness of a disturbance to international equilibrium. On the supply side, his case for inelasticity includes the development of levels of income far above the subsistence level, the slowing down of the rate of economic expansion, large-scale capital-intensive production, oligopoly, and product differentiation. The desire for industrialization in the underdeveloped areas and for full employment and high levels of consumption in the mature areas is used to explain inelasticity of demand.

The stage is now set for the introduction of a disturbance that will upset the system of trade that is in precarious balance. Lenschow and Kindleberger point to differential changes in productivity which rearrange the existing scale of comparative advantages.¹⁴ Whether the cause of differential produc-

Political Science (November, 1950), 529-37. Folke Hilgerdt, "The Case for Multilateral Trade," *American Economic Review* (March, 1943), 393-407; see also his article, "International Trade under Structural Disequilibrium," *Quarterly Journal of Economics* (November, 1952), 522-32. Gerhard Lenschow, "Long Term Economic Significance of Currency and Trade Restrictions," *Canadian Journal of Economics and Political Science* (February, 1950), 63-69. K. E. Hansson, "A General Theory of the System of Multilateral Trade," *American Economic Review* (March, 1952), 59-68.

¹² League of Nations, *The Network of World Trade* (Geneva, 1942).

¹³ Kindleberger, *The Dollar Shortage*, 170-92.

¹⁴ Lenschow, *loc. cit.*, 64-68; Kindleberger, *The Dollar Shortage*, 180-81.

tivity in the twentieth century is war (Lenschow), or whether it is a by-product of different stages of economic development and, therefore, a secular disturbance (Kindleberger) cannot be known at the present time. If war continues to be as chronic in the last half as in the first half of the present century, the answer to this question may never be known.

The theory of twentieth-century international disequilibrium can be briefly restated. The two components of the theoretical explanation are an international economy that is sensitive to disequilibrating forces, and a dynamic process (advances in productivity) that continually disturbs the international system. This analysis provides an explanation of chronic international disequilibrium that is distinct from the problem of cyclical instability.

Finally, this conclusion seems justified: Because income changes constitute the major mechanism of adjustment in a dynamic world-system, and because there are defects in the working of the international price system as measured by the classical model, international trade will be subject to governmental control, and, from the standpoint of utilization of resources, frequently should be controlled.¹⁵

III

Clearly, the economic justification of international trade-controls has not been proved conclusively. If, however, it appears certain that international trade and payments will be subject to control, then theoretical models which can be used as a basis for policy must assume that such control is a necessary condition of the real world.

There appear to be three good reasons for expecting most governments to exercise control over their balance-of-payments, even if such control cannot be justified on purely economic grounds of resource allocation: (1) concern over national security arising from the expectation of future wars, (2) the impact and obligations which stem from past wars, (3) the political necessity for governments to be responsible for maintaining full-employment levels of national income.

Condliffe states that national security was ignored in the formulation of economic policy "... as long as the *Pax Britannica* of the nineteenth century lasted."¹⁶ It is clear that in the twentieth century, when either hot war, cold war, or both are in progress, national security and military strategy will overshadow purely economic considerations. The importance of national

¹⁵ Joan Robinson bases her conclusion that international trade will be and should be controlled solely on the income modification of the classical model. See Robinson, "The Pure Theory of International Trade," *Review of Economic Studies* Vol. XIV, No. 36 (1946-47), 112.

¹⁶ J. B. Condliffe, *The Commerce of Nations* (New York, W. W. Norton & Co., Inc., 1950), 697.

security considerations means that international trade in militarily strategic materials will be government-directed and government-controlled. Likewise, all trade with enemies or potential enemies will be controlled. Finally, since noneconomic considerations dominate international balances, national governments will be unwilling to allow balance-of-payments changes to serve as guides to changes in domestic production of structures. If production structures are to be insulated from the effects of international balances, then the whole field of international trade and payments must be controlled.

The impact of past wars on current policy is tied up with the political obligation of most nations to maintain high and stable levels of income and employment. In many nations wars like the Second World War cause the depletion of gold reserves and foreign investments, the loss of foreign markets, and the demand for abnormally large imports for rehabilitation. Such developments add up to severe balance-of-payments deficits. The deficits could be eliminated and international balance-of-payments equilibrium restored if the deficit countries would become economic slums via the national income route of adjustment to the balance-of-payments gap. The method of allowing depression and worsened terms of trade to eliminate the war-generated deficits would be a poor economic remedy; however, the point is that such a remedy would be a political impossibility. The evidence which supports this contention is the fact that the governments of many of the major trading nations are committed to the maintenance of high and stable levels of national income.¹⁷

Finally, to the extent that free multilateral trade is incompatible with government-supported full employment, there will be pressure for the full-employment governments to control international balances. It should be noted that government responsibility for full employment may not entail control over foreign receipts and expenditures in a highly diversified and relatively independent economy like that of the United States. However, where 20 to 40 per cent of total income comes from foreign trade, successful application of Keynesian anticyclical remedies may well require government control of international transactions.

The conclusion that control over international trade and payments is a certainty in the foreseeable future serves as a bridge from the question of whether international trade should be subject to controls to the question of what kind of controls. If international trade-controls are likely to be the rule

¹⁷ Alvin H. Hansen, *Economic Policy and Full Employment* (New York, McGraw-Hill Book Co., 1947). See chapters 5-10 for a discussion of the full-employment policies of England, Canada, Australia, Sweden, and the United States. S. E. Harris, *Economic Planning* (New York, Alfred A. Knopf, Inc., 1949). Chapters 9-20 of this book describe the full-employment plans of fourteen countries.

rather than the exception, then the matter of the kind of controls may be probed with profit, even though the answer to the first question cannot be reached on purely economic grounds. An attempt to furnish the answer concerning the kind of controls is the subject of the remainder of this paper.

IV

The experience of the 1930's demonstrated that a balance-of-payments disequilibrium of the type general among the trading partners causes an automatic replacement of free multilateral trade with a complex network of intergovernment bilateral clearing-agreements.¹⁸ The rapid development of bilateral trade through intergovernment agreements after the Second World War further substantiates this contention.¹⁹

The balance-of-payments deficits caused by the conditions of general disequilibrium force the deficit countries to control the international financial transactions of their citizens. Such control results immediately in the virtual elimination of imports. This impasse creates the situation from which bilateral exchange clearing-agreements automatically emerge.²⁰

The familiar bilateral agreements of the 1930's and 1940's allow between the two parties to the agreement that amount of trade that pays for itself. The balancing of trade that the two-country agreements achieve has the advantage of eliminating the transfer of international reserves. International trade that is controlled by bilateral agreements also provides more stable trading relationships and a greater volume of trade in relation to the situation of international anarchy that exists when most of the countries prohibit imports out of fear of unemployment and loss of international reserves.

When bilateral clearing-agreements are criticized, the critics often compare the economic results of bilateralism with the results of free multilateral trade under classical conditions.²¹ Such a comparison gives the impression that bilateralism is restrictive as measured by the liberal system it replaces, whereas, historically, the system of bilateral trade that developed in the 1930's and reappeared after the Second World War represented an attempt to liberalize stifling unilateral exchange-controls.

Even though it is perhaps more accurate to compare bilateralism with unilateral exchange-control and with the tendency toward trade prohibition

¹⁸ For description and analysis of bilateral exchange-clearing arrangements in the 1930's, see Paul Einzig, *The Exchange Clearing System* (London, Macmillan and Co., Ltd., 1935). Howard S. Ellis, *Exchange Control in Central Europe* (Cambridge, Harvard University Press, 1941). Allen T. Bonnell, *German Control over International Economic Relations, 1930-1940* (Urbana, University of Illinois Press, 1940).

¹⁹ Gardner Patterson and Judd Polk, "The Emerging Pattern of Bilateralism," *Quarterly Journal of Economics* (November, 1947), 118-42.

²⁰ Einzig, *The Exchange Clearing System*, 53-55.

²¹ Howard S. Ellis, "Bilateralism and the Future of International Trade," *Essays in International Finance* (Princeton University, Summer, 1945), 8.

than with classical multilateralism, the losses of bilateralism as compared with the multilateral ideal are important. An enumeration of such losses is the necessary first step in devising a better system of control.

The most important loss of bilateralism stems from the necessity of bilateral balancing. Most trading nations will not, in the absence of government control, maintain a bilateral balance with their trading partners. On the contrary, prior to 1930 the trading nations belonged to a single system of multilateral balancing. Therefore, enforced bilateralism means a distortion of trade, presumably from the most economical channels to less economical ones. In other words, bilateralism means that importers and exporters cannot always buy and sell in their best markets.

In addition to the distorted effects of two-country exchange clearing as compared with multilateralism, there is a strong assumption that the volume of international trade under bilateralism will be smaller than under multilateral arrangements. This assumption is based on the League of Nations' estimate that 25 per cent of merchandise trade in 1928 required multilateral balancing.²² The conclusion that bilateral trade reduces the volume of trade is based on the assumption that all of the trade subject to multilateral balancing will not take place in the relatively unprofitable markets that bilateralism requires. This point can be demonstrated by using a three-country triangle. Multilateralism allows country A to pay for imports from B with exports to C. Bilateralism forces A to match imports and exports with both B and C. A wishes to buy from B, but B is a poor market for A's goods. Therefore, it is assumed that A's imports from B will be reduced under bilateralism, for they must conform to A's exports to B. C is a good market for A's goods but A does not wish to buy very much from C. Therefore, it is assumed that A's exports to C will be reduced in order to match the small volume of imports from C.

V

The problem, then, is the construction of a better institutional arrangement than bilateralism. Any agreement would be considered better if it allowed the same governmental control over international balances yet caused less distortion of trade and allowed a greater volume of trade. International monetary blocs are proposed as preferred alternatives to bilateralism, for they combine the required control with some of the gains of free multilateral trade.

The operation of a simplified bloc arrangement can be demonstrated by again making use of the three-country triangle. In addition to A's export balance with C and import balance from B, C normally has an export bal-

²² League of Nations, *The Network of World Trade*, 87.

ance with B in the absence of bilateral restrictions. Under the bloc arrangement, the exchange-control authorities in each country discontinue their bilateral clearing-agreements with the exchange-control authorities of the other two countries. A central three-country clearing agency is established that maintains a record of the transactions of the three countries with each other. So long as each country's exports with the other bloc members equal the imports from the other members, multilateral clearing is possible without the necessity of shifting international reserves. Country A can now maintain an export surplus with C and an import surplus with B. In short, all countries can buy and sell in more profitable markets than under the regime of bilateralism.

It is true that the export and import surpluses under the bloc arrangement will not be as large as they would be if classical multilateralism existed. The balances are smaller under the bloc arrangement because A's export balance with C is limited by C's export balance with B, which is limited by B's export balance with A. The size of the balances can be no larger than the smallest balance.²³ Perhaps a clearer expression of this proposition is that the smallest bilateral balance of trade determines the magnitude of the bilateral balances of all three sides of the triangle.

Finally, the control that the member governments exercise over the foreign transactions of their respective economies is not necessarily less under the bloc arrangement than under bilateralism. The respective exchange-control authorities may continue to control all transactions. The importers pay domestic currency to the exchange-control agency and the proceeds of the collections from importers are used to pay domestic currency to the exporters. Foreign-currency transactions may be eliminated just as under bilateral clearing. The main difference is that, under the bloc, the exchange-control authorities are concerned only with an over-all balance with all the bloc members rather than with a bilateral balance with each member.

The preliminary requirements for a better arrangement than bilateralism were that the alternative system must allow the same control as bilateralism and greater liberalization of trade. Since the international monetary bloc meets these requirements, the proposal of the bloc as a preferred arrangement is tentatively justified.

Conclusions

The Sterling Area and European Payments Union differ in development and organization, yet the membership of the United Kingdom in both international monetary blocs merges the two blocs into one large multilateral pay-

²³ If an arrangement is made for transferring gold and other international reserves to cover uncleared balances, then perfect multilateral clearing is not necessary. Or, if surpluses are matched by loans to the deficit countries, perfect multilateral clearing is not necessary.

ments area. The continued coexistence of these two blocs in the postwar years provides substantial evidence that the international monetary bloc is a workable device for achieving a greater international division of labor.

This paper concludes that the international monetary bloc is consistent with the realities of the times while allowing an approximation of the ideal classical pattern of international trade. The international monetary bloc permits the amount of control that governments find necessary in order to meet their political commitments to maintain domestic full-employments and a balanced international account. The bloc device also provides an institutional framework for conducting multilateral trade, which results in a greater amount of international specialization and a greater volume of international trade.

When the classical model serves as the basis for evaluation, the international monetary bloc is a restrictive device, resulting in an uneconomic use of the world's resources. However, when more realistic theoretical criteria are used for testing, the international monetary bloc emerges as a workable device for freeing trade within the bloc and bringing about a more economical use of the world's resources.

Posthospital Social Adjustment of Former Mental Patients from Two Arkansas Counties

DONALD D. STEWART

UNIVERSITY OF ARKANSAS

THIS PAPER is a preliminary report of extended research into the problems associated with mental illness—and, more specifically, with the problems of posthospital adjustment of mental patients in Arkansas. A monograph reporting on a part of this research has been published¹ and another is in process of preparation. The purpose of this paper is to present, in summary form, a part of the data of the two monographs and to analyze these data from an approach somewhat different from that of the monographs.

The basic sample for this research was composed of 1,054 patients admitted to the Arkansas State Hospital from Washington and Jefferson counties in the period 1930–48. Of the 1,054, there were 363 who had died in the hospital, either on first or subsequent admission. An additional 139 were known to have died between the period of release from the hospital and the time of the field work of the study. There were 146 who were hospitalized in Arkansas State Hospital at the time of the field work, and 10 were known to be in other mental institutions. The total of these three groups—those who died in the hospital, those known to have died after release, and those hospitalized at the time of the field work—was 658. Although there was some information on all of the remaining 396, detailed information was available for only 299. These more complete data include not only material from the hospital records, but also the reports of interviews with the families and friends of these 299 former mental patients who were still

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¹ Leta McKinney Adler, James W. Coddington, and Donald D. Stewart, *Mental Illness in Washington County, Arkansas: Incidence, Recovery, and Posthospital Adjustment*, University of Arkansas, Institute of Science and Technology, Research Series No. 23 (Fayetteville, University of Arkansas, 1952).

living. It is with an analysis of the posthospital social adjustment of this group that this paper is primarily concerned.

The analysis of posthospital social adjustment, as defined here, involves the consideration of adjustment in three areas—occupation, family and marital status, and group participation, as measured by participation in formally organized groups and in home-visiting. The interviewees were also asked for an estimate of changes in the mental condition of the former patient since discharge from the hospital. There was no attempt to interview the former patients, and they were not given psychiatric examination or any other kind.

For the purpose of this presentation, 277 of the 299 former patients have been divided into three posthospital "adjustment groups," to be referred to as the "adjusted," which included 88 of the group, the "partially adjusted," numbering 96, and the "unadjusted," numbering 93.² It should be noted that the concept of social adjustment, as used here, relates to this particular group of former mental patients and does not relate, necessarily, either to a population of nonpatients³ or to the total population of patients admitted to mental hospitals. In fact, one of the conclusions from the monographs cited above is that the living, former patient group chosen for study here is selected and quite atypical of this latter group. The released patients cannot be compared, in terms of adjustment, with the nonpatient population, for information on the adjustment—occupational, family, marital, social, and other—for a comparable nonpatient population is not available. What is attempted here is the analysis of differences within a comparatively small sample of former patients on the assumption that this analysis may provide some insight into the general problem of the resocialization of the mentally ill.

Although time-and-space limitations do not permit a detailed description of the criteria for classification of former patients into one or another of the three categories mentioned above, some amplification of these criteria is necessary. The person classified as "adjusted" is regularly employed, if male, or, if female, performs home or other duties satisfactorily. If married, he is rated as "very happy" or "happy" in marriage. If unmarried, he gets along "very well" or "pretty well" with other family members. In either case, the adjusted former patient either is shown some special consideration or is "treated as if never ill" by his family and others in the community. As to the estimate of his mental condition, he has been improving or has remained "about the same" since first release from the hospital.

The "partially adjusted" person is like the adjusted except for *one*—and

² Because of incompleteness in data, 22 of the 299 could not be classified in one of these three categories.

³ The term "nonpatient," as used here, refers to any person who has never been a patient in a mental hospital.

an unspecified—criterion. That is, the partially adjusted differs from the adjusted in one aspect of one or another of the areas of adjustment here considered. The most common difference was occupational, for 50 of the partially adjusted males were reported as being only irregularly employed or as unemployed, and 6 of the females were reported as "doing nothing." Another 18 were reported as unadjusted in some aspect of marital or family relationships, and still another 18 in one or another of the aspects of social participation considered in the study. To complete the total of 96, there were 4 who were reported as having deteriorated in mental condition since hospital discharge.

The former patient classified as "unadjusted" differed from those classified as "adjusted" in at least *two* of the criteria considered. For all but 6 of the 93 of this category, one of these differences was in occupational adjustment. The second most common difference, involving 68 of this group, was in social participation, including both visiting behavior and organizational memberships. There were 52 who were reported as having some difficulty in adjustment to family or marital situations, and 18 whose mental condition was reported as having deteriorated since hospital discharge. As noted above, the unadjusted differed from the adjusted in at least two criteria; there were 32 who differed in three or more. The need for further hospitalization for some of these patients was evident and, as a matter of fact, some have since been rehospitalized.

A number of differences between the former patients of the various categories have been noted—that is, differences apart from the criteria on which classification in these categories was made. The analysis of these differences may be considered to be, in a sense, the tentative conclusions of this study.

First, there are certain census-type characteristics associated with the incidence of mental illness, with the prospect of release after hospitalization, and with favorable posthospital adjustment. For example, for this segment of population, females had a lower incidence rate than males, a better prospect for release if hospitalized, and a better prospect for favorable posthospital adjustment. Negroes had a lower incidence rate than whites, a poorer prospect for release from the hospital, but a slightly better chance for favorable adjustment. Those over fifty-five years of age had a higher incidence rate, with practically no prospect for release, once hospitalized, but the median ages at the time of first admission were almost the same for all three post-hospital-adjustment categories. That is to say, although age is related to admission and release, it is not, except for the very old, a factor in the determination of the posthospital level of adjustment. Of course, these and other differences of this order among the various adjustment categories were associated with somewhat more subtle differences of a socio-psychological

nature, but their presence does suggest the possibility that prediction tables for the forecasting of posthospital adjustment might be constructed with data from the study of a more nearly adequate sample.

Second, although the interviews on which this report is based were primarily concerned with posthospital adjustment and not with hospital experience, certain aspects of the latter are associated with the former. One obvious point may be mentioned: the period of time between the onset of illness and actual hospitalization was related to posthospital adjustment. Those patients who underwent shorter periods between the development of symptoms and hospitalization had a much better prospect for release from the hospital and for favorable posthospital adjustment than those for whom this period was longer. Psychiatrists, mental hygienists, and others interested in mental health have reported this to be the case for some time, but there is surprisingly little statistical evidence to support this claim.

The number of former patients of this sample who had been hospitalized with any particular mental diagnosis was small, and generalization concerning the association between diagnosis and posthospital adjustment is impossible, but certain relationships may be noted. The largest group was composed of the 53 who had been admitted with the diagnosis of schizophrenia. Almost half of this group were classified as unadjusted, and the rest were about evenly divided between the partially adjusted and adjusted groups. For the second largest group—the 23 who had been admitted with manic-depressive psychoses—almost half were classified as partially adjusted, and for the remainder, the adjusted outnumbered the unadjusted by more than two to one. As noted above, those whose age exceeds fifty-five have comparatively poor prospects for hospital release, but there were 17 who had been hospitalized with disorders commonly associated with advanced age, that is, psychosis with cerebral arteriosclerosis and senile psychoses. Nine of the 17 were classified as unadjusted, 7 as partially adjusted, and only 1 as adjusted. At the other extreme, the group which had the highest percentage classified as adjusted were the 21 who had been admitted with involutional psychoses, with 57.1 per cent classified as adjusted and 28.6 per cent as partially adjusted. It may be noted that the symptoms of this form of mental illness are apparently the most readily recognizable by the lay public and the general practitioner, for patients admitted with this diagnosis had the shortest median period between the onset of illness and hospitalization.

Although it may be somewhat brash for a sociologist not clinically trained to attempt evaluation of the hospital treatment, one point may be noted. The Arkansas State Hospital affords all patients the therapy to be gained from nursing care and custodial supervision, appropriately assigned tasks, treatment for physical disability, and a regular hospital routine. Of

the total group considered here, about a quarter had received additional treatment—both electric and insulin shock, hydrotherapy, lobotomy, anti-luetic treatment, and similar treatment—designated here, for purposes of convenience, as medical therapy. Whether the patient receives or does not receive such additional therapy is related to prospects for hospital release, for the released group does include a substantially greater proportion of those so treated. The adjusted group included a larger proportion who had received the medical therapy than did the partially adjusted or the unadjusted groups, and the difference in proportion between the adjusted and unadjusted was significant at the .05 level. Such evidence as this, however, should be considered merely suggestive of the effectiveness of such treatment. The fact is that the number from this sample who received any one specific form of treatment—electric shock, for example—was too small for meaningful analysis.

The third general difference among the third group was the result of whether the former patient had returned to a rural or urban environment. The rate of admission to the hospital was higher for urban than rural residents and former urban residents had a better prospect for release than former rural residents, but the two groups did not differ significantly in post-hospital adjustment. However, the place of posthospital residence, as compared with that of prehospital residence, was associated with the level of posthospital adjustment. More specifically, the group which had the largest proportion of released patients classified as adjusted were those 59 who had been admitted from an urban area and who were living in a rural area at the time of the interview. Although detailed case studies were not made, the evidence indicated that these were rural-to-urban migrants who had broken down in the latter environment but who, on return to the rural environment in the posthospital period, had made a successful adjustment. The other three groups considered—those who had entered from, and returned to, an urban environment, those who had entered from, and returned to, a rural environment, and those who had entered from a rural environment but were living in an urban environment at the time of the field interview—did not have any markedly disproportionate shares of any posthospital-adjustment category.

The relationship of posthospital and prehospital residence to posthospital level of adjustment was also analyzed from a somewhat different approach, that is, in terms of the "living situation" of the former patient. Living with the same—or with different persons—after hospitalization as compared with before hospitalization was not related to posthospital adjustment for the entire group, but was related for certain diagnostic groups. As has been indicated, the number of cases who had been hospitalized for any specific diagnosis was small. However, of the 53 schizophrenics, almost all of them classified as adjusted or partially adjusted were living in a family environment different from that at the time of first commitment, whereas the majority of

those classified as unadjusted had returned to the prehospital environment. The same situation was true, generally, with patients hospitalized with manic-depressive psychoses and the diagnosis "alcoholism, without psychosis." However, it would appear that this is not the case with patients hospitalized with disorders commonly classified as "organic"—general paresis, for example—for the posthospital adjustment of such patients does not appear to be related to whether or not they return to the prehospital environment. It should be noted that these data are merely suggestive, and any conclusions concerning this matter must await further—and more thorough—investigation.

A fourth general difference may be noted. As has been mentioned, the sample studied included patients first hospitalized in the period 1930–48. The major field work of the study was done during 1949 and 1950. At this time some of the former patients had not been hospitalized for as long as 15 years, and the median period between their last release and the field interviews for the entire sample was 6.8 years. Of the group who had been released longer than the median period, 41.3 per cent could be classified as adjusted, as compared with 21.7 per cent of those who had been released less than the median period. The fact is that the latter group included the majority of the chronic cases, those who had made two or more unsuccessful attempts at posthospital adjustment. The records of such patients indicate that rehospitalization customarily takes place a comparatively short time after release, and the difficulties in adjustment are difficulties of the immediate post-hospital period. By contrast, it appears that the patient who is able to work out an adjustment in this period without being rehospitalized has a better prospect for eventual recovery.

As indicated at a number of points in this paper, the method of the study was such as to preclude the possibility of significant generalizations from such conclusions. Briefly, the conclusions reached are as follows:

1. About a third of this sample of former mental patients living have made an adjustment which appears to be within the range of normal, socially acceptable behavior; another third are so poorly adjusted as to give evidence of need of further hospitalization; the remaining third are in an intermediate position with reference to posthospital adjustment, as defined here.
2. Certain age, sex, race, diagnostic, and similar groupings of mental patients appear to have comparatively poor prospects for favorable posthospital adjustment. The existence of such differences suggests the possibility of constructing prediction scales, similar in form and orientation to the parole prediction-scales of the criminologists, which might be useful in the administration of such programs of posthospital assistance as are available.
3. Place of residence, including both the rural and urban aspects and the more intimate association, is a factor of some significance for the adjustment

of the former mental patient. The data presented here are tentative, but they do indicate that a more intensive sociological investigation might be helpful, not only in the analysis of the outcome of mental illness but also in the inquiry into its etiology.

4. Although the level of posthospital adjustment has been considered here, generally, as a status, such adjustment is, in point of fact, a process. The rather sketchy evidence presented here seems to indicate that the crucial period in this process is the immediate posthospital period. However, there appears to be need for careful case histories, based upon repeated interviews and extended observation, before meaningful generalization can be made on the course of this process.

In conclusion, it may be noted that some of the factors associated with posthospital adjustment of these former patients are obvious, that they are what would be expected; others are somewhat more subtle. The intention of this report is to suggest at least some of the less obvious.

Indian Economists and Economic Development

EDWARD R. KITTRELL
HOWARD COLLEGE

THE PRESENT economic development of the underdeveloped countries is not mere imitation of the advanced technological methods of industrialized countries; it is, rather, a revolution in the social-cultural milieu and subsequent attitudes toward the physical environment. As such, it must be envisaged against a broader, historical perspective.

Concretely, Western literature on current economic development proceeds in terms of recommendations to underdeveloped countries on economic matters concerning the modernization programs of such countries. The popular impression, particularly with respect to the Eastern world, regards these areas as permeated with mystic asceticism where material desires are considered. The resulting low premium seemingly placed on economics in the Eastern value-scale implies that a slow pace of economic change may be necessary as well as, for instance, the directing of investment toward small-scale cottage industry as against the establishment of an industrial system in the manner of Western economies.

However, this reluctance to recognize adequately some basic economic aspects of the problem may not be wholly justified. Thus, the object of this paper is to gain a better perspective of Eastern thought, particularly Indian economic thought, and to ascertain what *they* think of the economic aspect in Indian culture; admittedly the East may be just mirroring Western thought as a result of long cultural contact and most often of submission. Nevertheless, in this paper the chief consideration is the current state of Indian thought, regardless of its political source.

To limit the discussion, a study of economic wants as depicted in Indian economic literature will be considered. The primary justification is that want aspiration is a basic trait that reveals the degree of acquisitiveness in the culture, a type of trait often singled out as imposing self-abnegating limitations, for the problem in many underdeveloped countries is not just getting real

NOTE.—Earlier drafts of this paper have benefited from the criticism of Professors Colin Clark, Louis Massingnon, Simon Rottenburg, and T. W. Schultz. Professor Earl J. Hamilton also gave valuable assistance. However, the writer bears full responsibility for any errors herein.

income into the hands of buyers but of adjusting their wants upwards, implanting the desire for a wider range of goods and services.¹ This desideratum, probably the foremost cultural (moral) condition for economic growth, has been forcefully stated by Helleiner:

To the extent that the ascetic deliberately reduces all his wants to those minimum requirements, his practice of renunciation is not only an alternative to wealth getting but actually militates against economic progress. For, if man concentrates his efforts on the control of his self, he is not likely to pay much attention to making additions to, and improving, the means of want satisfaction. You cannot renounce "the kingdom of the world and the glory thereof" and yet retain an interest in their aggrandizement. A civilization that succumbs to the fascination of asceticism and embraces religious or philosophical gospels of self-denial is not likely to increase its wealth very much. A society that is dominated by ascetic ideals will, generally, be less interested in accumulation and innovation than one whose numbers give free rein to their appetites.²

Hence, any light added on this subject by Indian economists as formulations of substantive, empirical propositions is doubly important. As a point of reference, Western theoretical reflections on wants and activities will be surveyed briefly; thereafter the development of Indian economic philosophy will be added. The inferences from this somewhat broader emphasis will form the conclusion.

I

The triumph in the West of the British empiricists, particularly with regard to Lockean epistemology and associationist psychology, introduced society anew to the problem of stability and order. Especially was the recognition of the consequence of random wants or ends necessary. We know the problem was circumvented by the doctrine of the *harmony of interest*; yet the instability engendered has been overshadowed because of the implications that this nominalism has for political theory and the subsequent frame of mind it entails.

By denying that the mind has the ability to grasp ultimate truths, indeed, by making all knowledge suspect, tolerance became inevitable, and the resultant randomness of ends became reflected in marked creative activity, susceptibility to change, adventure, and use of the imagination. Such a mental climate, intertwined with the decline and fall of religion as the chief instru-

¹ Elizabeth E. Hoyt, "Want Development in Underdeveloped Areas," *Journal of Political Economy*, LIX (June, 1951), 194-202; cf. Simon Rottenberg, "Income and Leisure in an Underdeveloped Economy," *ibid.*, LX (April, 1952), 95-101; Simon Kuznets, *Economic Change* (New York, W. W. Norton & Company, Inc., 1953), chap. 8, cited hereafter as *Economic Change*.

² Karl F. Helleiner, "The Moral Conditions of Economic Growth," *Journal of Economic History*, XI (Spring, 1951), 100.

ment of social control, has given rise to a unique cultural phenomenon—the acquisitive society, based upon the rise of the ethic of sanctioning wealth-getting as such, and upon the fall of the sin of acquisitiveness.

Ensuing economic thought, however, generalized this unique situation of the past three hundred years into a teleological interpretation. Thus, in 1776, Adam Smith remarks on that innate propensity in man to desire and improve himself.³ It is even more pronounced in McCulloch's *Principles*;⁴ but the most forthright expression of it is in Bastiat's *Harmonies*. Writing on the spontaneity and infinite variety of human wants, he says:

It is a phenomenon well worthy of remark, how quickly, by continuous satisfaction, what was at first only a vague desire becomes a taste, and what was only a taste is transferred into a want, and even a want of the most imperious kind. . . . We may find fault with this disposition which nature has given to our organs; but our censure will not make it the less universal. We find it existing among all nations, ancient and modern, savage and civilized, at the antipodes as at home. We cannot explain civilization without it; and when a disposition of the human heart is thus proved to be universal and indestructible social science cannot put it aside, or refuse to take it into account.⁵

The deeply embedded climate of opinion evoked his condemnation of the doctrine that wants are an immutable quantity: "The wants of the fourteenth century, whether with reference to food, or lodging, or instruction, were not at all the wants of ours, and we may safely predict that ours will not be the wants of our descendants."⁶

Concomitantly, there was recognition of the adventure spirit, the desire for interesting activity—the desire being more fundamental than the achievement, the means really the end. The modern propagator of this doctrine is F. H. Knight. However, he recognizes the uniqueness of this process and places more emphasis upon the economic system's generating these new wants, desires, and activities itself—that is, upon the role of institutions to be opinion-forming, instead of just being formed by opinion.

Moreover, moral-ethical suppositions enter the classical framework. The goal of maximum output was a means; the end was to develop better men in the maximizing process, men capable of acquiring independence, self-reliance, and self-discipline. To Alfred Marshall, the advancing stages of civilization were characterized in their economic aspects as the adjusting of higher wants to higher activities that formed man's character through industry, frugality, enterprise, and the like. Finally, the basis of the good life, it

³ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (New York, Modern Library, Cannan ed., 1904), Bk. II, chap. 3, p. 329.

⁴ J. R. McCulloch, *Principles of Political Economy* (Edinburg, 1843), 75, 77, 265.

⁵ Frédéric Bastiat, *Harmonies of Political Economy* (London, John Murray, 1860), 51–52.

⁶ *Ibid.*, 54.

was agreed, was built upon acquisition of the basic economic necessities.⁷

The upshot of this discussion is, for our purposes, that the climate of opinion did not become anticommercial; and, in the United States particularly, "profit," "competition," and even "speculation" have not until recently been derogatory terms. The moral of capitalism has been accepted in the light of the system's inner nature of growth, change, and consequent risk (and is, indeed, conducive to it).

Thus, two famous theories of profits—those of Knight and Schumpeter—emphasized the nature of profit as inherently conjoined with change, growth, or uncertainty.⁸ Although Knight also strongly argued against the functional distribution of the product as connoting any moral right, yet these two theories can be easily rationalized as giving the entrepreneur the "right" to profit because of his risk-bearing, or uncertainty (Knight), and superior ability or hard work in rearranging the productive factors, thus gaining personal remuneration in the process (Schumpeter).

Schumpeter gives particular emphasis to the climate of opinion and foresees that capitalism is generating its own downfall through creation, among other things, of an intellectual vested interest opposed to the profit (capitalist) system.⁹

With such considerations in mind, we turn to a study of Indian economics in regard to views there on wants and aspirations. Of course, parallels cannot be precisely drawn. Yet insights can be gained as to the facets of this intellectual sphere that are conducive to economic development after the pattern of Western countries; at the same time, limitations upon following Western patterns must be realized; the limits of induced cultural change may then be more clearly understood.

It would be highly impertinent for us to adamantly avow that "our ways must become their ways"; it would be just as impertinent, however, to consider only the development of our natural resources without the ideological

⁷ George J. Stigler, *Five Lectures on Economic Principles* (London, Longmans, Green & Co., 1949), 1-6; Alec L. Macfie, *Economic Efficiency and Social Welfare* (London, Oxford University Press, 1943), chap. 1; Alfred Marshall, *Principles of Economics*, 8th ed. (New York, The Macmillan Co., 1948), 83-91, *passim*; Talcot Parsons, *The Structure of Social Action* (Glencoe, Ill., Free Press, 1949), chap. 4.

⁸ F. H. Knight, *Risk, Uncertainty, and Profit* (London, 7th impression, 1949); J. A. Schumpeter, *The Theory of Economic Development* (Cambridge, Harvard University Press, 1934).

⁹ *Capitalism, Socialism, and Democracy*, 2d ed. (New York, Harper & Brothers, 1948), 145-55. See also Donald Dewey, "Professor Schumpeter on Socialism: The Case of Britain," *Journal of Political Economy*, LVIII (June, 1950). Indeed, the Western world has its tradition of those who question the value of technological change; for a summary of such views, see Yale Brozen, "The Value of Technological Change," *Ethics, An International Journal of Social, Political, and Legal Philosophy*, LXII (July, 1952), 249-65, cited hereafter as "Value of Technological Change." Those who question the value, however, represent but a forceful minority against the dominant trend.

framework within which rapid economic progress has been achieved in the West—an impertinency that seems to be more frequent of late.

II

In contrast to the empiricist inclination of the West, the East's theories about knowledge have emphasized that intuition and the ultimate value of life are given to those who renounce the world, yet acquiesce and concede to it, in the end attaining *kevala-jaina* and the stage of *samadhi*. The absence of randomness of ends, the type of activity decreed, and the resulting suppression of wants produced a philosophy that has been the antithesis of that of Western man. So it is we find a distinguished Indian scholar writing:

From the beginning of her history, India has adored and idealized, not soldiers and statesmen, not men of science and leaders of industry, not even poets and philosophers, who influence the world by their deeds or by their words, but those rarer and more cloistered spirits, whose greatness lies in what they are and not in what they do; men who have stamped infinity on the thought and life of the country, men who have added to the invisible forces of goodness in the world. To a world given over to the pursuit of power and pleasure, wealth and glory, they declare the reality of the unseen world and the call of the spiritual task. Their self-possession and self-command, their strange deep wisdom, their exquisite courtesy, their humility and gentleness of soul, their abounding humanity, proclaim that the destiny of man is to know himself and thereby further the universal life of which he is an integral element.¹⁰

How can we rise above the present vision of the world with its anarchic individualism, its economic interpretations of history, and materialist view of life? This world of *maya* has thrown our consciousness out of focus. We must shift the focus of consciousness and see better and more. The way to growth lies through an increasing impersonality, through the unifying of the self with a greater than the self. Prayer, worship, meditation, as well as philosophy, art, and literature, help to revive and purify the inner being and predispose it to the contact with the divine.¹¹

Turning to Indian economists proper and betraying my ethnocentrism, I must declare the theories of Mehta unfamiliar, to say the least. Briefly, he begins with the familiar dictum that economics can be described as the science of human behavior considered as maximizing given ends, that is to say, maximizing utility. But since utility is obtained by removing wants, utility consists in the removal of pain, since unsatisfied wants cause pain. More-

¹⁰ S. Radhakrishnan, *Eastern Religions and Western Thought*, 2d ed. (London, Oxford University Press, 1940) 35. For a more empirical illustration, see the quotation from Young-hill Kang's *The Grass Roof*, quoted in F. S. C. Northrop, *The Meeting of East and West* (New York, The Macmillan Co., 1950), 314-15.

¹¹ Radhakrishnan, *Eastern Religions and Western Thought*, 48.

over, satisfied wants give rise to more wants, or what is the same thing, to pains; so it follows, the fewer the wants the less the pain. Therefore he concludes:

For the short-sighted person the science of economics, therefore, consists in the study of human behavior considered as an effort directed at the attainment of the end of maximizing utility at any given time. For the man with better foresight economics is the science that studies human behavior as the effort to minimize pain in the long run, or in other words, as an endeavor to gain freedom from want.¹²

Economics then becomes a science devoted to a study of reaching the state of wantlessness—and the real end of activities is in finding in such flight from pain the goal of perfection. Now one does not give up all his wants at once but discards some at different states in his development toward perfection. Then the remaining wants will be subject to the maximum-position principle of equimarginal utilities. This, then, is the scope of economics—and in wider perspective, it is severely delimited, "for it is not certain that when the final end is absolute state of wantlessness it would be necessary to apply the principle of equi-marginal utilities even within limited spheres."¹³

If Mehta's analysis reflects very obvious forebodings for economic development, an even more encompassing analysis of the strivings for the organic whole and the aesthetic continuum in the economic sphere is found in the works of Radhakamal Mukerjee, who has most eloquently pleaded for preservation of the rural village, the integration of classes and occupations, caution as to specialization, and the desire for the small shop: "In the employment of man, she, India, will limit division of labor when it is destructive of culture and social ethics; she will not sacrifice real well-being in the interests of concentrated production. She will not adopt the Western system of production when it will not be conducive to the social health."¹⁴ And this "social health" is found in India's "transcendental ideas of life." Though saying that India will equalize wealth more than will capitalist countries,

¹² J. K. Mehta, *Advanced Economic Theory* (Delhi, Premier Publishing Co., 1948), 8. In a favorable review of Mehta's book, the reviewer concludes with this statement concerning Mehta's analysis: "Our constant endeavor should be to discard all wants and attain happiness. But will it now lead to stagnation of all economic activity? Yes, that is so. But we do not want more activity. The lesser the wants the lesser the pain and the greater the happiness. By adopting this view our Economics will become a part of Religion; and Economics will teach the same maxims and principles which are taught in our books of religion. Then the blind pursuit for money and the greed of accumulation will vanish and we shall be happier and better. As has already been pointed out we shall, at a later stage of our development, cease to take birth in the world and shall become one with God."—Shri Marayon Agarwala, "A Religious Interpretation of Economics," *Indian Journal of Economics*, XXXVI (October, 1945), 302.

¹³ Mehta, *Advanced Economic Theory*, 13.

¹⁴ *The Foundations of Indian Economics* (London, Longmans, Green & Co., 1916), 449.

will give full and varied employments and farming land, among other things, Mukerjee proudly says of the Indian conscience and spirit:

The West believes in the multiplicity of wants, in the progressive expansion of wants serving as a spear and stimulus to creative and productive activity, and to further mastery. India practices the art of simplifying her natural wants, so that she may be more self-centered and self-sufficient, and may cultivate her moral and spiritual life with greater leisure and assiduity. The West begins to feel the pressure of her multiplying wants, and in the feverish pursuit of the materials and instruments of satisfaction she begins to realize that she is missing that inward satisfaction which is the end and goal. India can never wholly lose her discipline of the limitation of wants and the concentration of activities for the development of the soul. To India the mystery and grandeur of the limitless vistas of the development of the soul are far more inspiring and fascinating than the mastery over external physical nature.¹⁵

Indeed, Mukerjee attests to historicism in regard to India—the treating of economic principles not with universal validity but as delimited by a specific socio-economic context. In other words, understanding Indian economics, so-called, or the Indian point of view, requires an understanding of the social and economic structure of India, not of the West; hence Western economic principles are of very limited value. But it was Ranade, famous spokesman on Indian economic problems, who received claim for synthesizing the Indian point of view in economics. Citing one by one the premises of classical economics, Ranade asserts:

As these assumptions do not absolutely hold good of even the most advanced Societies, it is obvious that in Societies like ours, they are chiefly conspicuous by their absence. With us an average man is, to a large extent, the very antipodes of the economical man. The family and the caste are more powerful than the individual in determining his position in life. Self-interest in the shape of the desire of Wealth is not absent, but it is not the only nor principal motor. The Pursuit of Wealth is not the only aimed-for ideal. There is neither the desire nor the aptitude for free and unlimited Competition except within certain predetermined grooves or groups. Custom and State Regulation are far more powerful than competition, and Status more decisive in its influence than contract. . . . The Laws of Social Progress in Wealth must be sought in the history of the general Social Evolution which is different in different countries.¹⁶

Turning to another writer, we find a condemnation of wants and activities similar to those of Mukerjee and Mehta. Godbole maintains that the question of a high standard of life and increasing wants ultimately is resolvable "into the question of mental repose and overwhelming ambitions." If civili-

¹⁵ *Ibid.*, 458.

¹⁶ Mahadev Govind Ranade, *Essays on Indian Economics*, 2d ed. (Madras, G. A. Nateson & Co., 1906), 10, 12.

zation is to mean real culture—altruistic development and mental refinement—then increasing wants retard rather than further civilization. He continues:

This might have a ring of asceticism about it, but this condemnation of the modern idea of civilization is not asceticism. Asceticism is positive self-mortification, while the doctrine that we are trying to preach is a rational self-gratification of the self. The mad hunt after new wants and the means of gratifying them is irrational and it interferes with all higher culture.¹⁷

A life that could be glorious is made miserable because of illusory happiness. Only a change in psychology is necessary for the real happiness that is supplanted by friction, frustration, greed, and the like.

Enough has been said to indicate that relatively strong voices in India would seemingly be opposed to the industrialization programs for India now being considered or planned by international bodies. More concretely, it is known that Gandhi did not see much that India could gain from vast industrialization, particularly in the Western style, and that Nehru holds this view.¹⁸ Possibly the influence of the literature cited here has been one of the factors responsible for the general reluctance to center attention upon the basic, economic nature of the development problem. Although I do not wish to equate my cultural system with human nature in general, nevertheless I do not think that the type of activities and wants advocated by Mukerjee, Mehta, and Godbole—representatives of a school of Indian thinkers—could be conducive to economic development. The dicta stated above abound with a somewhat secular monasticism; and though the strictures against what is sordid in Western culture should be given a receptive ear, yet their criticisms are often against those aspects that are conducive to economic growth, such as desire for change, novelty, enterprise.

Here Whitehead's observation reminding us that "civilization is more than an appreciation of the Fine Arts. We must not tie it down to museums and studies" is appropriate. He sees the great civilizations of the past as speculative, adventurous, eager for change and novelty. The study of only the past is inadequate, being static and promoting a decadent habit of mind; equilibrium or perfection is impossible; one must recede or go forward.¹⁹

But the picture is not too black even for one who regards the upraisal of wants as indispensable to the industrialization of India; for alongside the

¹⁷ V. N. Godbole, "The Standard of Life," *Journal of the Indian Economic Society*, I (March, 1918), No. 1, p. 121.

¹⁸ See the recent publication of J. C. Kumarappa's *Gandhian Economic Thought* (Bombay, Vora & Co., Publishers, Ltd., 1951). Gandhi and Nehru would not take the extreme position of Mehta and Mukerjee, however.

¹⁹ Alfred N. Whitehead, *Adventures of Ideas* (New York, The Macmillan Co., 1933), 352-54.

writers just considered on Indian economics are a growing number who maintain that India's destiny lies in assimilating much of Western industrial culture. These writers reproach the doctrine of asceticism, and, in some points, outdo their Western counterparts. To this group of Indian economists we now turn.

III

In the same essay in which Ranade pleaded for a historical approach to Indian economic problems, he nevertheless recognized the handicap imposed upon his country's economic development by her old legacies and institutions: "Our laws and Institutions favor a low standard of life, and encourage subdivision and not concentration of wealth. The religious ideas of life condemn the ardent pursuit of wealth as a mistake to be avoided as far as possible. These are old legacies and inherited weaknesses."²⁰ Ranade's message, then, was that the future of India lies in industrialization, not in ruralization, as Mukerjee suggests; and industrialization must be aided and developed by state intervention in the economy.

Narain expressed the opinion decades ago that only industrialism like that of the West could save India. The West must be met with the same weapons it uses against India, he argued.²¹ Furthermore, Narain doubts the efficacy of any science of Indian economics per se; vast changes have come about in Indian agriculture and other economic structures that render Indian economics "a mass of statistical and other materials which would be of invaluable help in the solution of Indian economic problems. But it does not mean a science with peculiar laws or principles, or any proposed solutions of Indian economic problems, or any new method or methods of dealing with them."²²

Singling out the type of argument presented by Mukerjee, Narain points in particular to Mukerjee's philosophy on wants and activities; in his contrast, he goes possibly to the other extreme. To Narain, human nature in the West and in India is fundamentally the same. Particularly is this true of the motive for economic activity. It is to be doubted whether the average Indian is more spiritualistic than the average Westerner, or whether Western economic organization is more materialistic. As to limitations of wants in India, this is due to poverty, not to absence of desire; there are noble Indians who care not for wealth, but for the vast majority of people in *every* country, the desire for wealth is one of their strongest motives to activity. To this opinion, Narain adds: "It is all very well to talk about 'the limitless vistas of the de-

²⁰ Ranade, *Essays on Indian Economics*, 24.

²¹ Brij Narain, *Essays on the Indian Economic Problems* (Lahore, The Ponjabee Press, 1919), 39.

²² *Ibid.*, 21.

velopment of the soul,' in which the Indian is supposed to find his source of inspiration, but one should not forget that this kind of talk is unpractical, and that it does not help much in the solution of the real problems of the country."²³

Kale likewise maintained that "man does not live by bread alone. But he cannot live only on metaphysical speculation either."²⁴ He minimizes the significance of any special contribution of Indian economics to economic principles. The contrast between India and the West is exaggerated, he affirms, on the spiritual side: "The poverty and backwardness of India are due to other causes—her progress was arrested and she has not been able to march with the times. And this does not prove that Indian people are wanting in the sense of enjoyment, or that they have no appreciation for mere material pleasures."²⁵

Like Narain, Kale maintains that one must distinguish between religious practice and theory: "Though asceticism and a subordination of the body to the spirit have been universally held as high ideals, they have rarely influenced in that direction the life of the mass of the people in any country and at any time." The ideal may influence individual life and customs, but a reaction opposes its continued domination, "thus demonstrating the inherent human love for material pleasures."²⁶ Continuing, Kale notes that Hindu philosophy is without peer in comprehensiveness and adjustability to varied and varying situations, qualities that circumvent any real obstacles in the path toward material improvement. The Indian merchant can, with his Western counterpart, say "Business is business."²⁷

Increase of wants is considered desirable; a large supply of necessities and comforts is indispensable for material progress. Moreover, Kale notes favorably that "religion and caste prejudices are steadily giving way before the advance of Western civilization in the country."²⁸ Finally, in what is the most modern statement reviewed, Ghosh says that much has happened since Ranade wrote; today economic conditions in India are vastly similar to those of the West. He continues:

The necessity for separate economic theories as applicable only to India is no longer left. As General Economics is a study of Mankind so far as his economic activities are concerned, its principles and theories with requisite modifications

²³ *Ibid.*, 31-32.

²⁴ Vamon Govind Kale, *Introduction to the Study of Indian Economics* (Poona, Arya-blushan, 1920), 18.

²⁵ *Ibid.*, 25.

²⁶ *Ibid.*, 28-29.

²⁷ *Ibid.*, 30-37. Indeed, in commenting on the compatibility of economics and the good life, Kale cites as authority for his logic such Westerners as Alfred Marshall (p. 22 n.); E. R. A. Seligman (p. 23 n.); and Henry Clay (p. 24 n.).

²⁸ *Ibid.*, 578.

will also hold good in India, because human nature is universally the same in fundamentals. Indian Economics cannot therefore mean simply the study of General Economics with illustrations from the Indian Economic life. It should really comprise a close scrutiny of the applicability of principles and theories of Political Economy in the general well-being of the Indian Population.²⁹

However, Ghosh warns against the fetish of industrialization at any price. Specifically pointing to Pakistan, this Indian economist maintains that there the comparative advantage is in agriculture, and Pakistan should thus primarily exploit her agricultural resources and not concentrate all attention on dubious industrial projects. (The economics of this is in no manner invalidated because Ghosh is from the other section of the great political division.)

Pillai holds that the ostensible asceticism among Indians at large is of a political and environmental nature: the Moghul administration and, until recently, the British discouraged all productivity by their exploitation and confiscation; internal order and security were unknown; and upraisal of wants was an open invitation to higher taxes, robbery, and the like; hence the backward-bending labor-supply function.³⁰ Since 1858, Pillai continues, British policy in India has leaned toward conscious economic development:

The change in environment thus brought about, differing so radically from what the people have been accustomed for centuries, has not yet been fully appreciated by them; their isolated life in the villages, and their appalling illiteracy have stood in the way of their full recognition of these blessings; nevertheless, there has been born in the land a new desire for a higher plane of life, and a new surge of effort and endeavor, which promises to transform the economic life of the country, and if India's economic tendencies have been correctly diagnosed . . . she is on the threshold of a fresh era in her history, an era which is to be characterized by rising material prosperity and increased productive vigor.³¹

And this accomplishment is to be achieved primarily through marked industrialization of India.

Thus we see two opposing schools of thought in Indian economics.³² This

²⁹ B. B. Ghosh, *Indian Economics and Pakistani Economics* (Calcutta, A. Mukerjee & Co., Ltd., 1949), 2-3.

³⁰ P. Padmanabha Pillai, *Economic Conditions in India* (London, George Routledge & Sons, Ltd., 1925), 1-34.

³¹ *Ibid.*, 34.

³² For more on the positive viewpoints just given, see the series of articles by D. A. Shah, "Economic Thought in India," *Journal of the Indian Economic Society*, I, II (1918-19); T. K. Swaminathos, "Wanted: A High Standard of Living," *ibid.*, I (December, 1918), No. 1. Also Rajani Kanta Dos, *The Industrial Efficiency of India* (London, P. S. King & Sons, Ltd., 1930); C. N. Vakil and P. R. Brahmananda, *Planning for a Shortage Economy: The Indian Experiment* (Bombay, Vora & Co., Publishers, Ltd., 1952); D. R. Gadgil, *The Industrial Revolution of India in Recent Times* (London, Oxford University Press, 1924). It is of further interest to note that Gadgil, in joint authorship with several Western economists and others, commented on the preconditions of economic progress in terms that may seem

writer believes the school last reviewed to be definitely predominant; indeed, even in the "ascetic" group, one finds economists serving as chairmen and advisors to various committees of the National Planning Commission—busily commenting upon India's problems in much the same manner as their "opponents."³³ This peculiar (or paradoxical) circumstance will receive more attention below.

IV

The outline just presented began by inspecting one element of the Western economic structure as a point of reference—the concept of wants and activities. I sought to show how this idea fitted into the economic thinking of various Indian writers. On one side, it was noted, resentment at encroaching Western ideals caused extreme stands to be taken; but at the same time, the other side became almost too enthusiastic in its sanction. Can it be that the outstanding characteristic of Indian culture—synthesis and integration—shall become manifest here?³⁴

This presentation has not had as its purpose the evaluating of the question as to whether underdeveloped countries should continue to be raw-

extreme to some: "Ancient philosophies have to be scrapped: old institutions have to disintegrate; bonds of caste, creed and race have to be burst; and large numbers of persons who cannot keep up with progress have to have their expectations of a comfortable life frustrated. Very few communities are willing to pay the full price of rapid economic progress."—*Measures for the Economic Development of Underdeveloped Countries* (New York, United Nations, 1951), 15. The *Journal of Indian Economics* contains more recent contributions and debates from both schools. See especially Vols. 26–29.

³³ For example, see *Industrial Finance* (Vora & Co., Publishers Ltd., 1948), and *Population* (Vora & Co., Publishers Ltd., 1949). These reports, issued by the National Planning Committee, had respectively Mehta and Mukerjee as members; the latter was chairman of the particular study.

³⁴ One Indian economist, K. V. Rangaswami Aiyangar, *Aspects of Ancient Indian Economic Thought* (Benares, Madras Law Journal Press, 1934, pp. 149–53), has enthusiastically argued that the economists and economics of ancient India avoided the errors in economic reasoning historically found in the West. For example, it is claimed, the ancient Indian economists never, among other things, adhered to the mercantilist confusion of wealth with money, nor made the dubious distinction between "productive" and "unproductive" labor. They did not give exclusive assent to either utility or cost of production as determining value; at the same time, the factors of production were listed as capital, labor, land, and organization—the last-named being not the least important. Capital is just as essential for industry as labor and land—the growth of wealth depends directly on both the capacity to save and thrift, with interest serving as an inducement to save. Moreover, social stratification and group organization help to extend division of labor, localization of industry and large-scale production—and the extension of the market is necessary. The old economists also "knew the importance of capitalistic production, and the impossibility of adding to capital unless incentive was provided." This scholar concludes by saying that the ancient teachings were retarded, when "in the ages of systematization of dogma, ethical motives were advocated in preference to economical and philosophical ideals, where extolling the killing of wants and the practice of asceticism had great popularity. There was a marked decline in the economic strength of the country." Thus, the historical culture in economics is susceptible to this manifestation of integration, so some scholars imply.

material exporters, obtaining finished products in return, as the Kansas farmer obtains his Ford with his wheat, or whether they should develop more capitalistic production-techniques in a process encouraging a program of food importation. The crucial element of want aspiration pertains, regardless of the means employed. But since the actual emphasis in Indian economic thought is more toward industrialization, the implications of current Indian economic thought must be given with regard to this trend, though outside the scope of "wants and aspirations"; the remaining paragraphs of this section offer valuable insights into what is taking place.

From the point of view of economic development, the ideological framework, at least in economics, seems in some aspects favorable. In particular, a puzzling, but encouraging, sign is found in the applied recommendations of the "ascetic" school. Thus, one finds Mukerjee heading a committee that urges strong eugenics control, despite his histrionics on the virtues of woman and motherhood, and so forth, in his academic writings; moreover, Mehta is a member of a committee calling for greater industrialization and the like.³⁵

In the field of population, for example, the Malthusian problem is well recognized, and the recommendations are more far-reaching than many segments of the West would wish to accept, for political, religious, or other reasons.³⁶ In particular, birth-control clinics are espoused, as are sterilization of epileptics, medical-college instruction and training of women doctors and nurses in contraception, encouragement of local manufacture of contraceptive materials, and so forth.³⁷ Such inconsistent action is probably explainable through their envisaging the academic analysis of the ascetic schools as symbolic representations of reverence for the past, national pride, and the like, which are being supplanted by newer ideals, their past institutions serving as symbols, possibly unifying ones, while an opposite policy is being pursued. Thus, it seems that much of the literature pertaining to Indian economic problems (as distinct from general economic problems) and the

³⁵ Mukerjee, *The Foundations of Indian Economics*, 31; Mehta, *Advanced Economic Theory*, 22.

³⁶ See also, for example, Sripati Chandrasekhar, *India's Population* (New York, John Day Co., 1946). On the other hand, Baljit Singh sees the problem not in "neo-Malthusian" terms but from the food-supply side, owing to lack of technology, and so forth, adding that birth control may tend toward racial suicide.—*Population and Food Planning in India* (Bombay, Hind Kitabs, Ltd., 1947). Public discussion—for example, statements of the National Planning Commission, The All-India Women's Conference, Census Report of 1931, and the general positive population-policy of the Indian government—is quite in contrast to certain states and institutions in the West. Public discussion of population policy in UNESCO is practically nil. One looks in vain for a discussion of population policy in the official records (*Economic and Social Council: Official Records* [New York, Lake Success, 1946]); indeed, one does not find much discussion about a population problem at all. For example, see the sporadic references to population in *Official Records*, *ibid.*, 4th year, 8th sess., February 7–March 18, 1949, pp. 204–05, 239, 269, 381, 396, 420. These are representative.

³⁷ See n. 36.

so-called "Indian point of view," while at the same time espousing vast industrialization schemes, can best be understood in this light.

Moreover, particularly in the case of want development, it is often a case of counteropinion on *values* rather than on *fact*. The fact of the cumulative tendency for wants to rise is generalized in Mehta; the analysis of the result of this empirical tendency is what channels his *valuations* toward asceticism. Mukerjee is adamant in maintaining that there will emerge only chaos and then a re-evaluating of Indian economic organization if Western methods are introduced into the social organization of India. Yet one gets the feeling that Mukerjee is really being normative, fearing the result of the mass upraisal of wants in India. Until such concepts as "the good life," "spiritualism," and "materialism" receive operational definitions—and, what is probably just as difficult, after reaching operational status—until it is decided which values should be served by technological change, recourse must be had to a more intensive study as to the *facts* of the consequences of technological change.³⁸ In India this work is cut out for the social scientist. And possibly here new methods and insights into this delicate problem may be gained.

V

As general higher standards of material welfare is an important goal of Indian leaders, can we say that the materialist school of Indian economics is formulating substantive empirical propositions? And what inferences concerning their country's economic development and that of others may be surmised therefrom?

To be sure, nationalism must be considered in interpreting modern Indian thought. The Indians would like to show that their present poverty is the result of a submissive colonial status. Many Indian economists were active in the Nationalist movement, Ranade being a founder of the Congress party. But this position has another side. As pointed out above, the ascetic school may overstate the self-abnegating aspects of the Indian soul in order to better coalesce anti-Western opinion through symbolic allusions to the past. With the current difficulty in India of curtailing consumption to allow for investment outlays, it seems certain that any mass asceticism is forced, not voluntarily accepted as an ideal. The present problem is how to encourage "materialistic asceticism": how to hold down present consumption to allow for more abundant and stable future consumption through current investment.

There are, however, other disturbing considerations which cast doubt on the materialist interpretation. It seems that India might—like the West—solve her pressing problem of population by the substitution of an improved material welfare in place of prodigious families. There seems to be no im-

³⁸ Brozen, *Value of Technological Change*, 263.

mediate development of this kind, but, again, caution in interpretation must be exercised. However, the prolongation of the problem is probably due more to failure of a large-scale economic program to materialize (because of the economics) than to a socio-cultural milieu which discounts economic desires. With the enormous illiteracy, the difficulty "is more a matter of finding within the country whatever groups among its population are aware of the need for and ways in which elements of the industrial system can be adopted; and of mobilizing support behind these groups. . . ."³⁹ The poor and illiterate peasant is not aware of the choices he must make, though the latent desire for economic growth is manifest.

The same judgment could be applied to the marked immobility in Indian economy. Much of it is to be explained in terms of illiteracy and disguised unemployment in agriculture, with open unemployment in other sectors. Again, economics proper is an important conditioning factor. If the peasants were given real alternatives and impressed with the necessity of making a choice, the urge for higher living standards would aid materially in reallocating resources. But with the present state of education and rate of economic growth, one must realize that latent propensities must await their fulfillment until larger volumes of real savings, labor-managerial skills, and the like are available. If economic-development programs are to be more than paper schemes, and if authorities do not wish to waste resources, attention must focus in this direction.

Moreover, Indian economists are on good empirical grounds historically in affirming that all people desire material improvement. The history of their own country offers evidence through seventeenth-century India, the standard of living then being higher than in the twentieth.

Possibly the modern Indian writers are somewhat Ricardian in their analyses, overlooking short-run aberrations, or observing what Alfred Marshall termed "city men." But this does not invalidate what has been said above. Maybe they are a little more courageous, prone to what Robertson encouraged: ". . . I feel sure that if the economist is in too much of a hurry to pose as the complete man—too anxious to show that he is duly sensitive to 'the changing temper of the age' and has taken full account of what is 'politically and psychologically possible', he will be in danger of betraying his calling."⁴⁰ But besides the methodology, Indian economists are also more empirically correct than much of Western literature would have one believe.

The contributions of the Indians caution against placing a low consideration on the "Western" side of the Indian in our efforts to foster an economic program. Thus the inferences with respect to the cottage-industry-heavy-

³⁹ Kuznets, *Economic Change*, 250.

⁴⁰ D. H. Robertson, *Utility and All That and Other Essays* (London, George Allen and Unwin, Ltd., 1952), 64.

industry controversy, village versus town, etc. are that the problem should be strongly considered in economic terms, such as supply of real savings, availability of technical-labor skills, export potentials, exchange rates, and monetary institutions. By giving too much weight to the so-called "value conflicts," we might actually introduce too slow a pace of economic development, with the result that the cumulative process so vitally needed would never be attained, thus creating a void which only totalitarianism could fill. It seems that the direction of economic development should be toward heavy industry and at a relatively more rapid pace than has generally been considered compatible with their ideals and philosophy, the economics itself being a primary restraining factor.

The very concept of economic development implies reallocation of resources, which in large part implies reallocation of human beings. This always entails hardship and frustration. Should the cultural milieu be resistant to change, then the degree of friction becomes greater. A singular characteristic of the Indians seems to be that the cultural milieu is more flexible than is popularly supposed; thus analysis of the problems of economic development in underdeveloped areas has real value.

Attention has at least been focused on one of the factors of a mutually causative process: if the cultural milieu impedes economic growth, the resulting low rate of economic growth supports the philosophy of the cultural milieu that produces it. To the Indian there is great merit in envisaging the asectic-type nationalism and self-abnegation as substitutions of inputs. These substitutions compensate psychologically for the failure of economic goods and services to become available. Empirically, those who voluntarily choose asecticism and/or culture at any given time or place are few.

Some Perspectives on Economic Thought in India

SUMANT K. MURANJAN
UNIVERSITY OF BOMBAY

IT MUST BE ADMITTED very candidly that on the plane of pure economics or economic theory, Indian economists have till now made few important or notable contributions. This fact has to be viewed or assessed in the light of several interesting circumstances. The study of economics on any large scale at Indian universities is very recent—as recent as the First World War. The direction of interest, whether in our schemes of studies at the universities or for those who went abroad (as a rule to the United Kingdom) was predominantly practical. Even at foreign universities, a postgraduate degree with research in a subject of pure Indian concern was the rule; a degree with study in pure economics was the exception. The magnet of ambition at home was certainly not excellence in the domain of pure thought. Whether in the days of British rule or of independence, recognition and acceptance by the government or approval by the business world and the general public exerted and continues to exert a strange fascination, not to say lure, over the academic or scientific mind. Since about 1940, however, there has been visible quite a distinct broadening of the range of interest.

Till the British left the country in 1947, the void of pure economics was more than filled by a sustained and unabating controversy between Indian patriotism and nationalism on one side and British self-justification and defense of imperialism on the other concerning the economic condition and trends in India. From time to time, both Indian economists and British apologists gave a lot of labor and ingenuity to the computation of the national income. The fact of poverty—unbelievable poverty—was not disputed. The dispute was about the level and the trend—the British side seeking to prove improvement, the Indian side seeking to establish either stationariness or

EDITOR'S NOTE.—When the preceding paper by Professor Kittrell was submitted to the *Quarterly*, Professor Muranjan was a Visiting Professor in the Department of Economics at the University of Texas. The Editor took advantage of this circumstance and asked Professor Muranjan, a distinguished Indian economist, to review Professor Kittrell's paper on Indian economics. Professor Muranjan's review took substantially the form of this paper. The Editor thought it provided an excellent means of placing Professor Kittrell's paper in perspective, and asked permission of Professor Muranjan to publish his comments. The two papers, then, as companion pieces, should provide an excellent overview of Indian economic thinking.

actual deterioration. The large fluctuations in our national income, which were caused by widespread and repeated famines till the end of the last century, caused great concern to both sides.

To account for this poverty and its tendency to grow with time, the Indian side developed three interesting lines of thought, though these led to no important theoretical explorations. First, India's normal surplus of exports over imports was taken to be a measure of the extent to which capital and wealth were drained out of India. The British maintained that this excess represented mere payment for benefits which India received, namely, profits on investments of British capital, savings of British administrative and expert personnel, etc. Second, the Indian side argued that the free-trade policy forced on India in the interests of British trade and industry had ruined the crafts and industries of India, overburdened land, ruralized the country, and destroyed economic balance. At a very early stage of the controversy the arguments of Frederick List were closely studied and carefully applied to Indian conditions. The historical school met with a large measure of approbation—the application of economic principles based on one set of sociological postulates to quite a different social setup was severely criticized. Indian sentiment has always been strongly protectionist and continues so even today. The great landlords or landowners investing the surplus profits of agriculture in industry and manufacturing, to whom the United Kingdom is alleged to owe its early industrial progress, have been conspicuous by their absence in Indian history. Indian industrial manufacturing enterprise stems from Indian trading and mercantile classes, which are separate from the agricultural classes and are socially and educationally on a higher plane. The third constant theme relative to the poverty of India was the expensiveness and extravagance of the British administration generally and the great care with which Indians were excluded from all opportunity of learning and exercising responsible positions in the affairs of their country.

In the field of currency and finance, British concern was largely for operating the gold standard in the interests of the financial supremacy of the United Kingdom and for excluding India from the gold standard; in the pursuit of this objective, their expert committees and commissions were not above employing contradictory arguments as it suited the convenience of British economic interests. On the Indian side, the argument was invariably in favor of the introduction of the gold standard.

About the time of the advent of Indian independence, this controversy about specific economic issues had inevitably come to an end. The dominant trend of the present appears to be to develop ideological approaches to the economic salvation of the country. If not for the volume of support and intellectual acceptance it has attracted, then at least for its historical significance, the ideology associated with Gandhi and his sincere followers de-

serves to be placed in the foreground. This ideology, so far as I have grasped it, rests on the following propositions: After a certain standard of life, moderate and not very high, has been reached, further work and labor should be undertaken as a social obligation, not as a source of personal gain. The technology of production should be adjusted to this standard of life and should in no circumstances be allowed to interfere with or curtail the growth of spiritual individuality. Granted these two premises, economic relations must be settled not by application of force, or even legislative compulsion, but on the ethical plane.

The next important approach is represented by, and reflected in, the Five-Year Plan—the economic policy and creed officially adopted by India. The Five-Year Plan is certainly not an example of a planned economy. It would be more correct to say that it is a program of public investment, with appropriate fiscal and social measures to ensure better equalization of incomes and opportunity. It seems to me that the oft-heard exaggerated criticism of the element of State ownership, or State-management nationalization, as it is sometimes called, overlooks the historical lines of economic growth, conceals the failures of private enterprise in India, and in the last analysis will be found to be a nostalgic plea for nineteenth-century capitalism in the twentieth-century revolutionized economic world setup.

If one may venture a prophecy, the only rival and long-run alternative economic ideology to the present ideology of the Five-Year Plan is what is preached by the Socialist party of India. It will be found, however, extremely difficult to distinguish between the present economic policies of the Congress party and the avowed official Socialist program. The fact that there is a large infusion of the Gandhian ethical element in it proves that if socialism takes over in India it will be not the European variety but an unacquired, indigenous socialism. Perhaps the only unique feature of the official program is the ceiling of Rs 1,000 which it prescribes for incomes in general. Otherwise, it stands very strongly for democratic institutions and full civil liberties. It might be noted that if the head of the Congress party is Nehru, an Englishman by education, the head of the Socialist party is an American by education—a graduate in sociology of the University of Wisconsin.

The last political force at work in India is the Communist party. I would not underestimate the intelligence or abilities of its leaders. But communism in India is the child of poverty and not of social or scientific convictions.

Till now my observations have related to (1) economics on the plane of theory and abstract thought, and (2) economics as applied to specific issues and social ideology. There is another aspect of the Indian economy which must be of great interest to the economist, sociologist, and psychologist: the pattern and motive-springs of economic behavior in India.

In competitive society, the prime movers of all economic activity and be-

havior are (a) entrepreneurship, (b) free choice of occupation and mobility in accordance with economic advantage, (c) propensity to consume, and (d) what is the obverse of it, propensity to save and invest. In all these respects, India has been in a state of rapid transition for the last fifty or hundred years. Even so, India illustrates well the thesis of Karl Marx or Schumpeter that the motive-springs of economic progress are not to be found in the individual as such but in the individual as shaped and animated by sociological and historical forces and institutions. India on the eve of the advent of capitalism and modern industry had two sharply distinguished classes: (1) merchants and traders, and (2) craftsmen. The source and origin of entrepreneurship lie entirely in the mercantile classes, and craftsmen have rarely enjoyed any share in it. This is hardly surprising, for in much of our modern business, entrepreneurship means financial leadership and finance capitalism rather than technical skill and experience. It is this mercantile origin of Indian entrepreneurship which explains the speculative bias of much Indian business enterprise. There are two or three social communities in India which deserve to be closely studied from this standpoint.

One community is composed of the Jains, who during the precapitalistic stage were bankers and traders, and during the capitalistic stage turned into modern business men. The ethical and psychological background of this community is remarkable. By philosophy they are dualists, believing in the fundamental separate realities of soul and matter, and the spiritual objective of life to the Jains is the release of soul or mind by the annihilation of matter. Their ethical creed enjoins on them (1) noninjury, so as not to interrupt the ethical progress of life from the lower to a higher plane, (2) nonaccumulation of wealth, so as not to be attached to material life. The most spiritual among them lead the life of stoic ascetics. Yet curiously enough the Jains are some of the greatest financiers, wealth-accumulators, and capitalists in India today.

Another community is composed of the Parsees. They came to India from Persia as refugees from religious persecution and for six or seven centuries wisely avoided politics and contented themselves with small trade and farming. When the British rose to power, the Parsees were the first to establish close relations with them—perhaps because they felt themselves to be foreigners, perhaps because they were highly concentrated in Bombay and the areas near Bombay. Trade and commerce encouraged Europeanization of life and manners, and Europeanization of life and manners certainly helped their trade and industry. They have distinguished themselves in India for high standards of business entrepreneurship, and it would be difficult to say to what extent these standards are related to their close relations with the British and to their own religious and ethical background. Zoroastrian religion has tried to cut the philosophical Gordian knot of Good and Evil by

giving them both the status of eternal realities and representing the goal of human life as the conquest of Evil by Good. This perhaps offers some explanation of the high place which Parsee faith in good works and charity occupies in Parsee piety, and the excellent standards of business which they undoubtedly practice.

The next prime mover of economic behavior and activity in a society of private property and free enterprise is mobility between occupations and industries under the sway of economic gain and profits. Economic forces are undoubtedly breaking down the old social and ethical structure. Yet the propositions stated below would be true of the mass of the people as such, though not of every group and class: (1) Economic valuations alone do not decide the choice of work and occupations. History, tradition, and ethics impose other valuations on human behavior which in the aggregate may prove overriding. The high veneration in which knowledge and scholarship, including university degrees, asceticism, and otherworldliness are held, is only one proof of this general attitude. (2) The radius of migration in search of employment is circumscribed, and sometimes circumscribed very narrowly, by the community of language, marriage, and, to a much smaller extent, food habits, to which the individual and particularly the individual of the laboring class belongs. Mobility takes effect mostly on the fringe—sometimes a large fringe—between community and community. Sometimes when the community is small, migration could be that not of the individual but of the whole community, which is always difficult and mostly impossible. Hence, the large disparities of wages between Bombay and Calcutta, dense concentrations of population in particular areas, etc.

There is no uniform pattern of consumption for the whole of India. It varies materially from social group to social group and is apt to be defined—sometimes more rigidly, sometimes less rigidly, according to history, tariffs, ethical beliefs, etc. It is not infrequent to find at our universities that members of one dining hall will eat both beef and pork, in another, beef but not pork, in another meat, but not beef or pork, in still another fish but not meat, in still another, no nonvegetarian food at all. For all these reasons, the response of consumption to rise in income varies from social group to social group and is perhaps apt to be slower in India than elsewhere. (*Man ist was er ist.*) The degree of social compulsion in relation to expenditure may be noted. In particular, because of climate, ignorance, and lack of education, durable consumption-goods play a much smaller part in the Indian standard of life than elsewhere.

Evolution of the Term Parity in Agricultural Usage

ROBERT L. TONTZ

OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE

PARITY is regarded by many agricultural writers as a twentieth-century phenomenon whose legal origin came about with the passage of the Agricultural Adjustment Act of May 12, 1933. This act expressed the idea of parity, that is, equality, but made no mention of the term itself in relation to farm prices. The 1933 act defined parity by implication as a means to "re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929."¹

Other than by implication—of which there are innumerable examples, ranging from the Chinese price "equality" programs of 1122 B.C.² to the price "equivalent . . . purchasing power" goals of the Agricultural Adjustment Act of 1933—the earliest usage of the term as applied to agriculture occurred near the close of the nineteenth century.³ Although the idea of

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¹ Agricultural Adjustment Act, Public No. 10, U. S. Statutes at Large, 73d Cong., 1st sess., XLVIII (May 12, 1933), 32.

² See Chen Huan-Chang, *The Economic Principles of Confucius and His School*, Studies in History, Economics, and Public Law of Columbia University (New York, Longmans, Green and Co., Inc., 1911), XLV, 568–85.

³ The term "parity" is derived from the Latin "*par*," meaning "equal." A similar word, "*parité*," is used in French and there are corresponding forms in other Romance languages. For development of the meaning of the word, see "parity," in *A New English Dictionary on Historical Principles*, VII, 442, 481.

equal justice or fairness appears to have been implied in early agricultural usage, specific standards of equality, as expressed, for example, by the base-period standards legally inaugurated in 1933, were not stated.

The early usage of the term which did apply to prices stressed standards of equality without stressing a base period. A chronological review of the use of the word, the plan upon which this paper is based, shows the predominance of the nonbase period over the base period up to 1933. The controversy stirred up by House passage of a base-period price-relief bill in 1933 identified parity to an increasing extent with the idea of fair-exchange value (a base-period price-equality plan). The implied usages of parity have a much longer record than the direct usages. The first five modern parity laws, passed during 1929-37, referred to parity by implication.

Predominance of Nonbase-Period Standards of Equality in Parity Usage

After the adoption of the term in agricultural usage, references were not restricted to price applications. On June 22, 1886, the *English Wool Report* referred to "parity," apparently assuming full understanding on the part of the reader as to its meaning: "Public sales of wool . . . were held in Berlin. . . 1800 bales . . . are reported to have been sold at full London parity."⁴ In 1903, J. A. Everitt, who claimed to be the founder of the American Society of Equity, used the term to indicate a general concept of equality of status between farmers and nonfarmers: "We might survive the loss of our steel mills, but if our farms were to quit producing the country would go to ruin. Why should not the farmers be supreme? And if they strive for something less than supremacy—namely mere parity with the rest of our people—ought they not to be encouraged?"⁵

In 1920, Henry A. Wallace, associate editor of *Wallaces' Farmer*, used the term parity to express a general concept of equality between prices of oleomargarine and butter.⁶ In the same year, Bernard M. Baruch, former chairman of the War Industries Board, said that the producer must be on a "par" or have "equal opportunity" with the buyer.⁷ In an editorial in 1922, giving advice to farmers who were "taking shots at high public expenses and low farm prices," *Wallaces' Farmer* used the term as a general concept of equality of farm with nonfarm prices: "It is essential . . . in his effort to see

⁴ *Ibid.*, 481.

⁵ J. A. Everitt, *The Third Power* (Indianapolis, Indiana, Hollenbeck Press, 1903), 24.

⁶ Henry A. Wallace, *Agricultural Prices* (Des Moines, Iowa, Wallace Publishing Company, 1920), 23, cited hereafter as *Agricultural Prices*.

⁷ Bernard M. Baruch, "Putting Farming on a Modern Business Basis," *Twenty-Second Biennial Report of the Kansas State Board of Agriculture* (Topeka, Kansas, Kansas State Board of Agriculture, 1920), 22.

that farm prices are on a parity with prices of other products, the farmer does not yield to the fallacious logic of attempting to force all prices down to the farm level."⁸

Addressing the National Agricultural Conference in 1922, President Harding defined parity for the farmer as "equality of opportunity": "The farmer does not demand special consideration, to the disadvantage of any other class; he asks only for that consideration which shall place his vital industry on a parity of opportunity with others, and enable it to serve the broadest interest."⁹ At the same conference, Thomas E. Wilson, president of the Institute of American Meat Packers, referred twice to "parity" to designate a standard of value equality: "The parity heretofore existing between the values of farm products and other commodities has been temporarily unbalanced. . . . If the American people would only add to their diet one-half a pound of meat or its products once a week, it would go a long way toward restoring the parity between livestock values and other basic commodities."¹⁰

Reporting on the activities of the National Agricultural Conference of 1922, the *New York Times* gave still another application of the term in an article, the headlines of which read: "Reject Plan to Fix Prices for Farmers—But Farm Delegates Ask an Inquiry and Urge Steps to Re-Establish Price Parity." The article said that the National Agricultural Conference had rejected a resolution that called for governmental guarantee of minimum prices of farm products and had unanimously adopted in its stead a resolution recommending that Congress and the President should "take such steps as will immediately re-establish a fair-exchange value for all farm products with that of all other commodities."¹¹ About the same time, Gray Silver, associated with the American Farm Bureau Federation, concluded that "price

⁸ *Wallaces' Farmer*, January 20, 1922, p. 4.

⁹ *Report of the National Agricultural Conference*, Document No. 195, 67th Cong., 2d sess. (Washington, Government Printing Office, March 3, 1922), 11.

¹⁰ *Ibid.*, 45, 47.

¹¹ *New York Times*, January 27, 1922, p. 1. The term "fair-exchange value"—later incorporated in the 1933 parity law—specified equality in price purchasing power of farm products for a given period as compared to a base period. On occasion, the concept of fair-exchange value was referred to as a fair "ratio" price. In 1920, Henry A. Wallace stated that the ratio idea (hog-corn) in its simplest form was grasped by the hog producer of 1870. See *Agricultural Prices*, 30. Carl C. Taylor asserts that it was the price and the market problem around which the farmer movement had revolved since about 1858. Low prices of farm products and high prices of nonagricultural products [purchasing power inequalities], he states, have been a major factor in the rise and growth of farm organizations.—"Farmers' Movements as Psychosocial Phenomena," *Publications of the American Sociological Society*, XXIII (1929), 153–62. One of the major reasons that George N. Peek and Hugh S. Johnson chose the fair-exchange value as the standard for "equality for agriculture" [parity] was to escape charges of price fixing. The formula, it was held, "is fixed by statute and is thus completely removed from human or partisan control." See their *Equality for Agriculture* (copyright, 1922, H. W. Harrington), 24–25.

parity" and stabilization were already being affected by recent legislation. Furthermore, he expressed opposition to "price fixing."¹²

A pronouncement in the official report of the Committee on Marketing of Farm Products at the National Agricultural Conference of 1922 recommended putting agricultural industry on a "par" with other industries, both as to remuneration and education, and general standard of living.¹³

Favorably discussing a generally critical statement by Babson (presumably Roger W. Babson, nationally known business statistician) concerning the National Agricultural Conference of 1922 in which Babson had stated that the conference should have told the farmers that there were too many of them and that many should change their profession, *Wallaces' Farmer* concluded editorially that Babson's suggestion would be "followed by thousands unknowingly, and the result after a time will be that the prices of farm products and of city products will again be on a parity."¹⁴ Some months later, in another editorial discussing the next era of farm prosperity, *Wallaces' Farmer* stated that the farmers of the United States had enjoyed an unusual period of prosperity during the fifteen years preceding the war, that is, 1900-14. The editorial cautioned, however, that the farmer's wage for his work was not anywhere near being on a "parity" with the city man's wage, but the relationship was more satisfactory than ever before in history. It stated that it was unfortunate that something could not be done during the next few years to bring up the prices of agricultural products so that they would be more nearly on a "parity" with the prices of city products. Such a parity, it was stated, would do much to restrain the rapid growth in city population which was "endangering us."¹⁵

Hearings on the McNary-Haugen bill in 1924 brought out several statements on farm parity, most of which regarded the base-period "ratio price" as synonymous with "parity." Charles J. Brand, of the United States Department of Agriculture, for example, stated that the McNary-Haugen bill would put the American farmers "on a parity with all things that the farmer has to buy."¹⁶ T. C. Winn, of the Utah Wheat Growers League, asserted that labor would not object to paying its portion in order to advance the farmer to a "parity" with the all-commodities list which forms the basis for

¹² *Statement of Mr. Gray Silver Regarding Government Price Fixing of Agricultural Products*, listed in United States Department of Agriculture, Bureau of Agricultural Economics, Agricultural Economics Bibliography No. 50, *Agricultural Relief* (Washington, Government Printing Office, 1933), 46.

¹³ *Report of the National Agricultural Conference*, Document No. 195, 67th Cong., 2d sess. (Washington, Government Printing Office, 1922), 139.

¹⁴ *Wallaces' Farmer*, February 17, 1922, p. 4.

¹⁵ *Ibid.*, December 1, 1922, p. 4.

¹⁶ *Hearings before the Committee on Agriculture, on H.R. 3563, McNary-Haugen Export Bill, Serial E., Parts 1-15, 68th Cong., 1st sess.* (Washington, Government Printing Office, 1924), 35.

establishing the ratio price sought to be put into effect with respect to his products. He said further that there may be ways other than those suggested in the McNary-Haugen bill for restoring "a parity" between the farmer and other interests of the country.¹⁷

Gray Silver, representing the American Farm Bureau Federation, said at the same hearing that the McNary-Haugen bill proposed to make the tariff effective for agriculture by shipping abroad such exportable surpluses as depress home markets so that whatever amount of money is lost in the transaction would be allocated back to the entire crop, thus affording a higher domestic market and permitting agriculture to prosper "on a parity" with other national groups when considered in the light of conditions as they were for the ten years prior to the war.¹⁸ Congressman F. S. Purnell, Republican of Indiana, referred to the "ratio price" goal of 1905-14 as helpful to farmers in restoring them "to a parity."¹⁹ C. H. Zealand, secretary of the Interstate Export League, referred at the 1924 hearing to the enactment of a law which would provide for an export corporation to take surpluses off the domestic market, provided the tariff were also raised, and bring the price of commodities "to a parity" in purchasing power with other commodities held before the war.²⁰ In annual convention in 1924, the Iowa grain dealers went on record as favoring the establishment of a government export corporation for disposing of agricultural products in foreign markets in order to place such products on a "price parity" with manufactured products.²¹

In an address before the National Republican Club in New York City on February 12, 1924, President Coolidge used the term to designate a general concept of price equality of farm and industrial products: "But the great food staples do not sell on a parity with the products of industry. Their average price is little above the pre-war level, while manufactures are about 50 per cent higher. The farmer is not receiving his share."²² The Senate Committee on Agriculture and Forestry in a report on the agricultural export bill (S. 2012) on March 1, 1924, referred to the term as the "ratio price." The ratio price was to give the same purchasing power to a farm commodity that it had during a designated base period, such as 1905-14.²³

In 1926, the Egyptian government made an official statement setting a standard of parity for cotton prices that it presumably regarded as just: "To maintain a reasonable parity between the price of Egyptian and American

¹⁷ *Ibid.*, 285.

¹⁸ *Ibid.*, 387.

¹⁹ *Ibid.*, 513.

²⁰ *Ibid.*, 515.

²¹ *Ibid.*, 520.

²² *Agricultural Export Bill*, Report No. 193, 68th Cong., 1st sess., March 1, 1924 (Washington, Government Printing Office, 1924), 3.

²³ *Ibid.*, 4, 5.

cotton, by fixing as buying basis for F. G. F. Sakelaridis a premium of 75% over the value of American cotton."²⁴

Studying the "recent" proposals for farm relief in 1926, Arthur Morton Murphy first used the term parity to connote some undesigned standard of price equality. He stated that the McNary-Haugen bill was the converse of the protective tariff principle and was intended to separate the agricultural surplus from the domestic market in order to dispose of "the domestic supply on the domestic market at a price on parity with that of other commodities." His second reference to parity was used to explain the "ratio price" (fair-exchange value) proposal of the McNary-Haugen bill as a "fair" standard of purchasing power of farm products: "It is assumed that during this basic period the prices of agricultural products were on a fair parity with the prices of the 404 commodities whose single index would be accepted as the standard to which agricultural prices should conform."²⁵

In 1929, a Virginia study inquired why the farmer should not be helped in forming a complete national organization which would put him on a "parity" with all other business organizations having a bargaining power in their sales.²⁶ And Senator Arthur A. Capper, Republican of Kansas, and for many years one of the Senate leaders in farm-relief legislation, said that the passage of the Agricultural Marketing Act of 1929 would achieve economic equality for agriculture, that is, "parity" by enabling the farmer to "walk alone."²⁷

In August, 1929, a writer discussed the task of the Federal Farm Board, whose "aim is to establish a reasonable parity between agriculture and industry."²⁸ In December, 1929, another writer inquired whether businessmen were waking up at last, adding, "Parity for agriculture means billions for industry."²⁹ In 1930, C. M. Reed, governor of Kansas, discussed the "problem of parity for agriculture with industry," and stated, apparently in refer-

²⁴ United States Department of Agriculture, Bureau of Agricultural Economics, *Foreign Crops and Markets* (Washington, Government Printing Office, March 22, 1926), XII, No. 12, p. 375, as originally reported by Mann, "Egyptian Cotton," *Economic and Trade Notes* (January 19, 1926).

²⁵ *The Agricultural Depression and Proposed Measures for Its Relief* (Ph.D. dissertation, Washington, D.C., Catholic University of America, 1926), 45, 47.

²⁶ "Will the Farmers Organize and Become Independent or Will They Remain Unorganized and Become Tenants?" Virginia Agricultural Department Bulletin 253 (January, 1929), 11-15.

²⁷ "Senator Capper Sees Parity Through Farm Relief Act—Calls Measure Fundamental for Program Enabling Farmer to 'Walk Alone'—Explains Mechanism Set up for Merchandising Crops and Controlling Surplus," *Commercial and Financial Chronicle*, CXXVIII (June 22, 1929), 4093-94, as reported in the *New York Times*, June 18, 1929, p. 2.

²⁸ H. L. Russell, "The Farm Board's Difficult Task," *American Bankers Association Journal*, XXII (August, 1929), 110, 166-68.

²⁹ Clarence Poe, "Are Business Men Waking Up at Last?" *Progressive Farmer*, Tex. ed., XLIV (December 21, 1929), 1193.T.

ence to the Agricultural Marketing Act of 1929, that "one step has been taken for agriculture" in this direction.³⁰

Discussing the Canadian Wheat Pool in 1930, A. J. McPhail, its president, used the term to express the idea of equality between Canadian and Argentine prices: "We found Argentine prices simply falling away from ours . . . and if we were to have taken such an attitude as to force our prices to a parity with Argentine, no one could have predicted to what level prices would have declined."³¹ In an examination by the Food Research Institute in 1931 of the American price of wheat as compared with the world price of wheat with reference to the influence of speculation during the years following the passage of the Agricultural Marketing Act of 1929, "export price parity" was defined with the emphasis on the profit concept to exporter and importer in the customary course of trade: "[Export price parity is] such a price in an exporting country as will enable the wheat merchant in the customary course of trade to purchase wheat and deliver it c.i.f. port of destination, so that the importer may unload it and sell it to millers and merchants at going prices as of type, grade, and quality, with a profit to the exporter and the importer."³²

Describing the methods of the stabilization corporations provided under the Agricultural Marketing Act of 1929, Charles L. Stewart pointed out in 1931 that the methods of these corporations stood in contrast to those implicit in script, fee, and debenture plans which sought "national prices above world parity through adjusted national scarcity."³³ In a radio address in 1932, Edward A. O'Neal, president of the American Farm Bureau Federation, stated that "the inequality of agriculture is much worse now than it was in 1928. . . . Then the index level of farm prices was 139; now it is 56." He added: "Something must be done to restore the farm price level to a parity with other groups. . . ."³⁴

On December 15, 1932, leaders of the major farm groups gave the House Committee on Agriculture a plan for farm relief which would make the allotment scheme bring prices on that portion of the crop domestically consumed to "prewar parity."³⁵ Two weeks later another proposed plan was mentioned, which provided that the farmer would receive 1914 prices for his products. This parity plan was reported to be similar to the domestic allotment plan except that it was held to give the farmer an even better price

³⁰ "A Challenge to America," *Saturday Evening Post*, CCIII (September 13, 1930), 189.

³¹ Hugh Boyd, *New Breaking* (Toronto, Canada, J. M. Dent and Sons, Ltd., 1938), 155.

³² *Wheat Studies*, Food Research Institute (Stanford University, California), VII, No. 4 (February, 1931), 245.

³³ "Farm Relief," *Encyclopedia of the Social Sciences*, ed. E. R. A. Seligman, VI (1931), 117.

³⁴ *Congressional Record*, 72nd Cong., 1st sess. (June 8, 1932), 12275, 12277.

³⁵ *New York Times*, December 15, 1932, p. 8.

level inasmuch as it set the "1914 value of products" as the standard rather than "present prices plus tariff rates."³⁶

Developments Stimulating Base-Period Standards of Equality

Majority and minority reports during the early part of 1933 by the House Committee on Agriculture, following the hearings on the Agricultural Adjustment Program, reveal that the advocates of fair-exchange value as well as those who were opposed to this idea claimed to be working for "parity." Those opposed to specifying a base-period standard of equality for parity undoubtedly had precedence of usage as a basis for their position. The majority of the committee reported, however, that agriculture was entitled to a purchasing power equivalent to that of industry as a permanent part of national policy. Although the proposed measure (H.R. 13991) applied to 1933 crops only, its continued application for placing agriculture on a "parity" with industry was to be left up to Congress.³⁷ On the other hand, the minority report indicated that for the past ten years the committee had sought to bring about enactment of legislation which attempted to place agriculture on a "parity" with industry. The report stated further than any plan which had for its purpose the stabilization of prices on surplus farm products would work only to the detriment of producers.³⁸

The House passed the Jones "parity" bill (H.R. 13991) on January 12, 1933. This, along with the earlier committee approval, stirred up a number of controversial discussions, most of which were initiated by those opposed to the Jones parity bill. In the opinion of one critic, Congressman D. D. Glover, Democrat of Arkansas, the bill was "pure price-fixing . . . and . . . shocking to the intelligence, even the intelligence of Congress."³⁹ As an outgrowth of committee and House approval of the Jones bill and the resulting critical appraisals, parity became associated increasingly with the idea of fair-exchange value.⁴⁰

³⁶ *Ibid.*, December 31, 1932, p. 2.

³⁷ *Agricultural Relief*, Report No. 1816, 72nd Cong., 2d sess. (January 3, 1933 [Washington, Government Printing Office, 1938]), 3.

³⁸ *Agricultural Relief*, Minority Report No. 1816, Part 2, 72nd Cong., 2d sess. (January 4, 1933 [Washington, Government Printing Office, 1938]), 1, 2.

³⁹ *New York Times*, January 13, 1933, p. 2.

⁴⁰ "Temporary Bullish Features Found in Farmers' Parities," *Journal of Commerce* (January 3, 1933), 10; "Exporters Protest Cotton Parity Law," *Journal of Commerce* (January 6, 1933), 8; J. S. Lawrence, "The Parity Plan of Farm Relief," *Bradstreet's Weekly*, LXI (January 14, 1933), 48-51; "Parity Plan," *The Nation*, CXXXVI (January 18, 1933), 54; "The Financial Situation," *Commercial and Financial Chronicle*, CXXXVI (January 21, 1933), 361-62; "Position of Cotton in Competition with Other Commodities," *Southern Textile Bulletin*, XLIII (January 26, 1933), 12-13; "Senator-elect McAdoo Criticizes Farm Parity Plan—Amendments Needed Before It Would Be Practical," *Commercial and Financial Chronicle*, CXXXVI (January 28, 1933), 603; "Farm Allotment Income vs. Cost of Living," *Commercial West*, LXV (January 28, 1933), 12; "Farm Parity Plan," *Guar-*

Although frequency of usage indicated that the term was becoming increasingly associated with the idea of fair-exchange value, it is apparent that "parity" as applied to agriculture had not become restricted to a base-period standard of equality (the concept of fair-exchange value) by 1933. This is revealed by an exchange of remarks between Senator George W. Norris, Republican of Nebraska, and Secretary of Agriculture Henry A. Wallace at a Senate committee hearing less than two months before the passage of the Agricultural Adjustment Act of 1933:

SENATOR NORRIS: I am just a little bit confused about the word "parity price." Is that well understood in the trade? Is that a term the meaning of which is definitely known?

SECRETARY WALLACE: No; this concept is rather a new concept in the idea of social justice. It is just gradually coming into use.⁴¹

Two years after the Agricultural Adjustment Act of 1933 had become law, Rexford G. Tugwell, assistant secretary of agriculture, used the term to indicate a concept of general equality—its historical meaning—rather than a base-period standard of equality as specified by the parity law of 1933. He stated: "So long as each industry finds itself in a position in which, through the lack of any general policy of parity, it must fight only for its own existence, and cannot join in policies looking to the general good, we never can conquer the divisive forces which bring us to periodic ruin."⁴²

Summary

The idea of parity, that is, equality, was used with reference to agricultural prices for many centuries before the term was adopted into the English language. Besides the direct usage of the term, the implied usage was evidenced to an increasing extent beginning with the second decade of the twentieth century. Of particular note was the Peek-Johnson "equality-for-agriculture"

any Survey, XII (January, 1933), 4-6; "What Price Hogs?" *Breeder's Gazette*, XCVIII (January, 1933), 3, 13, 14, 15; *New York Times*, 1933: January 3, p. 1; January 7, p. 8; January 9, p. 36; January 10, p. 2; January 11, p. 1; January 13, p. 1; January 14, p. 6; January 16, p. 2; January 17, p. 3; January 19, p. 2; January 20, p. 2; January 23, p. 2; January 25, p. 7; January 26, p. 16; February 12, Sec. 2, p. 7; March 7, p. 28; March 22, p. 16. H. N. Owen, "As Things Look to Me," *Farmer and Farm, Stock and Home*, LI, Minn. ed. (February 4, 1933), 10; "Take Counsel of Common Sense," *National Sphere*, XI (February, 1933), 29-30; "Congress Looks to Farm Parity," *Review of Reviews*, LXXXVII (February, 1933), 54.

⁴¹ *Agricultural Emergency Act to Increase Farm Purchasing Power, Hearings before the Committee on Agriculture and Forestry, 72nd Cong., 2d sess.* (March 17, 24, 25, 27, and 28, 1933 [Washington, Government Printing Office, 1933]), 25.

⁴² Peek and Johnson, *Equality for Agriculture*, 120. Webster's *New International Dictionary* (2d ed., 1934) defines "parity" in the addenda as a "balance between the prices received by the farmer for his products and the prices he has to pay for labor and for equipment, necessities, and comforts. In computing the farmer's purchasing power and for legislative purposes such a balance is assumed for the period August, 1909-July, 1914 in U. S."

plan of 1922. In addition to this plan, which received considerable attention and which eventually evolved into the first base-period parity act of 1933, there were many other plans for seeking parity. Of significance were the agricultural price and income laws from 1929 to 1938, with their expressed goals of economic "equality" and "equivalent" purchasing power.

The term was not mentioned as a policy goal in the Agricultural Marketing Act of 1929, the Agricultural Adjustment Act of 1933, the Potato Act of 1935, the Soil Conservation and Domestic Allotment Act of 1936, or the Agricultural Marketing Agreement Act of 1937.⁴³ Instead, parity was referred to by implication in these "parity" laws. With the passage of the Agricultural Adjustment Act of 1938 the term was used for the first time in a parity law.⁴⁴ Up to that time, beginning with the 1929 act, the idea of parity had been implied by the use of such words as "equality," "equivalent," "fair-exchange value," and "fair" prices. The term "disparity" was mentioned in the 1933 act as the major reason for seeking price "equality" (or parity).

Parity as applied to farm prices is a concept of price fairness and justice to producers and consumers. As such it may include, but is not restricted to, a base-period standard of price equality. The most recent expression of parity as a legal objective in the Agricultural Act of 1954 specifies a base-period standard of price equality. The new act seeks, among other things, parity as determined from a moving base rather than a fixed base as provided by the 1933 act.⁴⁵ The intent of the first base-period law of 1933 was to re-establish prices to farmers at a level that would give most farm products a purchasing power "equivalent" to their purchasing power in the base period, August, 1909-July, 1914. The base period, 1909-14, was, of course, severely criticized as being out of date. The first legal action to modify the base period was the Agricultural Act of 1948, which specified the previous ten years as a moving base-period standard.

Regardless of refinements in base periods and percentages of fair prices, the parity price-level is significantly affected by what is considered to be a fair or just standard. In the first modern parity law, the Agricultural Mar-

⁴³ Agricultural Marketing Act, Public No. 10, *U. S. Statutes at Large*, 71st Cong., 1st sess. (June 15, 1929), XLVI, 11; Agricultural Adjustment Act, Public No. 10, *U. S. Statutes at Large*, 73rd Cong., 1st sess. (May 12, 1933), XLVIII, 32; Potato Act of 1935, Public No. 320, *U. S. Statutes at Large*, 74th Cong., 1st sess. (August 24, 1935), XLIX, 750; Soil Conservation and Domestic Allotment Act, Public No. 461, *U. S. Statutes at Large*, 74th Cong., 2d sess. (February 29, 1936), XLIX, 1148; and the Agricultural Marketing Agreement Act of 1937, Public No. 137, *U. S. Statutes at Large*, 75th Cong. 1st sess. (June 3, 1937), L, 247.

⁴⁴ Agricultural Adjustment Act of 1938, Public No. 430, *U. S. Statutes at Large*, 75th Cong., 3d sess. (February 16, 1938), LII, 38.

⁴⁵ Agricultural Act of 1954, Public No. 690, *U. S. Statutes at Large*, 83rd Cong., 2d sess. (August 28, 1954), 897-913.

keting Act of 1929, the parity level was within the broad price range not characterized by excessive fluctuations or depressions. The base-period parity acts beginning in 1933 that are definitive in statistically expressed formulas are likewise affected by what is considered to be a fair or just standard. This is evidenced, for example, by the choice of the base period, the items to include in the formulas, the selection of the means to achieve a balance between demand-and-supply for price and, in certain cases, income equality, and the "fixing" of prices on certain occasions by the secretary of agriculture whenever he finds base-period price relationships unreasonable for certain products under marketing agreements and orders.

The Ferguson War on the University of Texas

RALPH W. STEEN

AGRICULTURAL AND MECHANICAL COLLEGE OF TEXAS

JAMES E. FERGUSON was elected governor of Texas in 1914 and took office in January of the following year. His platform had expressed interest in the welfare of the rural schools, but had not indicated any hostility to higher education. During his administration the colleges were given liberal appropriations, and provision was made for the establishment of eight new ones. It seems logical to say, therefore, that the Governor's war on the University was based on personalities and not on any opposition to higher education.

In 1915 there were rumors that many items in the University appropriation bill would be vetoed, but after discussing the measure with Acting President W. J. Battle and several members of the Board of Regents, Ferguson signed the bill without making any use of the item veto. Even though the bill was signed by the Governor, it became the basis of a bitter dispute. President Mezes of the University had been detained in Europe in 1914 by the outbreak of the war and resigned his position after returning to the United States. As a result, there was not time to prepare an itemized budget for submission to the legislature. Acting President Battle and the regents, therefore, submitted to the legislature the budget for the preceding biennium, with a request that they be permitted to make such changes as might prove necessary.¹ This fact was explained to the legislature and to the Governor, and the act specifically stated that the regents might make necessary "changes and substitutions within the total" appropriation.

When changes were made in the budget, the Governor protested and in a letter to the regents charged that Battle was not qualified to be president of the University. Following this controversy, Battle, who had been assured by a majority of the regents that he would be the next president, asked that he not be considered for the place. Meanwhile, at the insistence of the Governor, an auditor was appointed for the University. At the request of Ferguson,

NOTE.—This paper was presented to the History Section of the Southwestern Social Science Association, Dallas, Texas, April 16, 1954.

¹ W. J. Battle in interview with the author March 18, 1953.

the auditor searched the records of the University for evidences of wrongdoing and came up with a few minor items.²

In April, 1916, the Board of Regents elected R. E. Vinson to serve as president of the University. This action made the Governor, who had a candidate of his own, unhappy. The selection had been made without consulting Ferguson, and he stated to several of the regents that he should have been consulted in the filling of such an important office.³

Shortly before the inauguration of President Vinson, he and Regent George W. Littlefield visited the Governor in his office. In this meeting Ferguson indicated a dislike for Vinson and stated that he had information concerning five members of the faculty, which he would present at the proper time. The faculty members were A. C. Ellis, John A. Lomax, C. S. Potts, W. T. Mather, and W. J. Battle. In September, Vinson asked for the Governor's information in order that he might submit it to the Board of Regents, and the Governor denied any intention of making charges against anyone. He added that in future it "will be better for us to remain in our respective jurisdictions, and no good purpose can be subserved by any further relation between us."⁴

Ferguson then turned his attention to the task of obtaining a Board of Regents whose members would do his bidding without question. He wrote a member whom he had appointed, asking a pledge of complete support or a resignation. When the regent, Rabbi M. Faber, refused to comply with either alternative, Ferguson then wrote that he did not care to "bandy words with you further. . . . If you want to force me to remove you, you can rest assured that I shall not shirk the task."⁵

Ferguson appeared before a meeting of the regents in October, 1916, to present the information he had obtained, which was supposed to show that graft was running riot at the University. The facts did not justify the headlines. He called attention to a practice, then common in government circles, of overcharging for mileage books, pointed to an instance in which the University had by agreement paid the expenses of a professor's wife as well as of the professor on a trip to Dallas, charged that the profits of the University Co-operative Society were too great, and stated that professors were writing books which they were requiring the students to buy at high prices.

Ferguson stated that the failure of President Vinson to remove the faculty members when asked to do so was rank insubordination and added: "When-

² W. R. Long, auditor for University of Texas during this period, in interview with the author August 26, 1953.

³ Senate Court of Impeachment, *Proceedings on the Trial of Hon. James E. Ferguson, Governor* (Austin, Texas Legislature, 1917), 174. Cited hereafter as *Proceedings*.

⁴ *Ibid.*, 192.

⁵ *Ibid.*, 152.

ever you get the idea in your head that you will make one of these teachers out here bigger than the Governor or the legislature, it is just like a cash boy in Mr. Sanger's store trying to tell Mr. Sanger where to head in."⁶ The Governor continued: "I got information that a professor of this school went down and presided at a county convention with a crowd that refused to endorse this administration. Now you have made the issue. You never criticized Cofer for going down and participating in politics in a county convention. You kept him, and you kept Will Mayes, editor of a paper that skinned me from hell to breakfast. You have expected me to be satisfied and you believed me checkmated, but the biggest fight is on you ever had if you undertake to put this thing over."⁷

The regents made an investigation of the charges and refused to remove any member of the faculty. The report of the hearing was made public and led the Governor to declare that the issue was "becoming more clearly defined as to whether the University shall run the people of Texas or the people of the state run their own University."⁸

There can be no doubt that the opposition which Ferguson encountered shocked him greatly; there was no precedent for it in his experience. His demand that three members of the staff of the San Antonio State Hospital be removed had been promptly met and he had experienced only slight difficulty in obtaining the removal of a member of the staff at Prairie View A. and M. College. Ferguson had a mistaken idea of the powers of the governor and he was not a man to let sleeping dogs lie. No one expected the matter to be forgotten.

In January, 1917, the terms of Regents Will C. Hogg, Alexander Sanger, and David Harrell came to an end. These men had proved themselves to be friends of the University and they were going to be missed in the days that lay ahead.

Several resolutions were introduced in the legislature during the regular session in 1917, asking that the Governor be investigated. Committees censured the governor for various misdeeds, but no charges of impeachment were filed. The Governor charged that the University was responsible for the investigations. University officials denied the charges and asked that the University be investigated, but this was not done.

When the special session of the legislature adjourned in 1917, it left in the hands of the Governor rather generous appropriations for the various state institutions, including the University. Ferguson asked the regents to

⁶ *Ibid.*, 635.

⁷ *Ibid.*, 634.

⁸ *Investigation by the Board of Regents of the University of Texas Concerning the Conduct of Certain Members of the Faculty* (Austin, The University of Texas, 1916); *Dallas News*, December 17, 1916.

meet in his office on May 28, and Austin rumor quickly supplied the information that the regents were to be requested to remove five members of the faculty and bar fraternities from the University. The faculty members objectionable to Ferguson were President Vinson; R. E. Cofer, of the school of law; J. A. Lomax, secretary to the faculty; W. H. Mayes, of the school of journalism; and A. C. Ellis, professor of the philosophy of education. Potts and Battle were not included in the list, as they had resigned. It was said that unless these demands were met, the entire appropriation for the University would be vetoed.⁹ The Ex-Students' Association of the University promptly issued a statement declaring that it would be better to close the University than to submit to these demands.¹⁰

Six members of the Board of Regents gathered in the office of the Governor on the morning of May 28, and Ferguson began reading a long message in which he made charges against the President and the faculty members listed. He declared that fraternities should be banned, for they had drawn a line between wealth and poverty at the University. It was said that the fraternity men lived in "stately mansions" while their more unfortunate brothers lived in "crowded boardinghouses." Irregularities in the management of the institution were charged and the University was described as an institution "of fads and fancies, grossly mismanaged."¹¹ It was clear, however, that the bill would be signed if the men were removed.

While the message was being read, the meeting was disturbed by a parade of University students. The students had obtained permission to hold a mass meeting, and they followed it with a parade. They marched through the Capitol, the band playing and the students singing "The Eyes of Texas." The boys' section of the parade passed in front of the window to the Governor's office. Some of the boys carried banners which displayed legends such as "We are opposed to one-man rule" and "Kaiserism is a menace abroad and Kaiserism is a menace at home." The regents met at the University in the afternoon to determine responsibility for the parade and apparently decided that the faculty was not responsible.¹² They then adjourned, to meet in Galveston on May 31.

Before the Galveston meeting, one member of the board resigned and the Governor attempted to remove another. The right of a governor to remove a regent was challenged, and an injunction was issued which prevented the new appointee from taking his seat. The district court in Austin granted an injunction to John A. Lomax, which enjoined the regents from removing Lomax or any other member of the faculty. As a result, nothing came of the

⁹ *Dallas News*, May 27, 1917.

¹⁰ *Ibid.*, May 28, 1917.

¹¹ Senate Court of Impeachment, *Proceedings*, 547.

¹² *Dallas News*, May 29, 1917.

Galveston meeting, though there were some exciting moments.¹³ The board adjourned, to meet in Austin on June 5.

On June 2, the Governor announced that he had vetoed the University appropriation and issued a long veto-message. In general, he thought the appropriation excessive, he resented the student parade, and he resented the injunctions.¹⁴ No mention was made of the fact that the appropriation would have been approved if the faculty members had been removed.

The regents met in Austin on June 5 and friends of the University hoped for some kind of a compromise, for the veto had not yet been filed with the secretary of state. The Ferguson terms were severe. He now demanded the removal of nine members of the faculty and the dismissal of the injunction suits. No compromise was reached and the veto-message was filed. In its final form the veto-message allowed the University the use of its available fund and the salary of one dean.¹⁵

The attorney general promptly ruled that the Governor had drawn no lines through the totals and that the only effect of the veto was to mark out the itemizations. Mass meetings were held in many communities and resolutions were adopted declaring that the University must continue to operate.

Just at this time the Locating Board of the West Texas Agricultural and Mechanical College began its tour of inspection. Ferguson, who was a member of the board, discussed the University issue in a number of West Texas towns. In these speeches he got a number of laughs by mispronouncing the names of fraternities. He contrasted the cost per student in the University with the cost per student in the rural schools, but never contrasted it with the cost in similar universities. He described some of the faculty members as "butterfly chasers," "daydreamers," "educated fools," and "two-bit thieves."¹⁶

The work of the Locating Board added to the general confusion in the state. The board was made up of five members, and after the second ballot it was announced that Abilene had three votes and was awarded the college. After the board adjourned, three of its members signed affidavits to the effect that they had not voted for Abilene on either ballot. This dispute was never settled and a later session of the legislature repealed the act creating the college.

In July, 1917, the injunctions were dismissed, and at a meeting in Galveston the board removed from the faculty Lomax, Cofer, Ellis, Mayes, Mather, and George C. Butte.¹⁷

¹³ E. J. Mathews in interview with the author March 12, 1953.

¹⁴ *Dallas News*, June 3, 1917; Senate Court of Impeachment, *Proceedings*, 539.

¹⁵ *Dallas News*, June 8, 1917.

¹⁶ *Ibid.*, June 15, 1917; June 17, 1917.

¹⁷ *Ibid.*, July 12, 1917; July 14, 1917; University of Texas Board of Regents, Minutes, Book E, 103.

With victory apparently in his grasp, Ferguson addressed an Old Settlers' picnic at Valley Mills on July 13. He spent much of his time talking about the "University crowd" and said that it was too much for hundreds of fathers and mothers to pay for "tailor-made clothes, ten-dollar bouquets, automobiles, silk stockings, golf balls and highballs, poker chips, fraternity dues, frat pins and mandolins, and a hundred other foolish and extravagant things which the rich crowd says is necessary to carry on this Belshazzar revel down at the State University." He added: "I say that not only are too many people going hog wild over higher education, but that some people have become plain damn fools over the idea that we have to have an army of educated fools to run the government."¹⁸

The Ferguson speech at Valley Mills brought an extended retort from Will C. Hogg, secretary of the Ex-Students' Association. Hogg said, among other things: "To call our thimblerrigging, swashbuckling, swaggering Governor a common garden liar would be the grossest flattery. . . . How far this cheerful and constructive autocrat will be able to travel the rocky road of his mad career is measured entirely by the forbearance and apathy of the best citizenship of the State. . . . Farmer Jim is a farce, and my prediction is that he is riding to the biggest fall, personally and politically, in the short and simple annals of the misguided politicians of Texas."¹⁹

Meanwhile, the University Ex-Students' Association had been active in building up enthusiasm for the University and opposition to the Governor. Individual former students had also had a part in searching for missteps on the part of the Governor. He was indicted by the Travis County Grand Jury and a short while later was impeached by the House of Representatives on twenty-one charges. The Senate found Ferguson guilty on ten of the charges. He was removed from office and made ineligible to hold office again. The special session of the legislature passed a new appropriation for the University, and the Board of Regents, after a few changes had been made, re-employed the faculty members who had been dismissed.²⁰ Dr. Battle, who had left the University of his own accord, was invited to return and plans to dismiss President Vinson in October were dropped.

Governor Ferguson was not impeached because he vetoed the University appropriation bill, yet it is probable that if he had signed the bill he would have been able to complete his term. This seemingly contradictory statement is based on the assumption that some spectacular act, such as the veto of the University appropriation, was necessary to arouse the public. Without this interest, the new charges, which were largely responsible for Ferguson's impeachment, might not have become known for many years.

¹⁸ *Dallas News*, July 14, 1917.

¹⁹ Will C. Hogg, *An Interview* (Austin, privately printed by its author, 1917), 1-3.

²⁰ Board of Regents, Minutes, Book E, 106.

From this distance it seems that Ferguson's war on the University was based upon personal hostility to several members of the faculty and upon a determination to have his own way. His wife and a number of his friends urged him to sign the appropriation bill, but he paid them no mind.²¹ Perhaps the best explanation of his attitude can be found in the Governor's statement: "I am the governor of Texas; I don't have to give reasons."

²¹ Miriam A. Ferguson in interview with the author May 6, 1953.

Book Reviews

edited by

H. MALCOLM MACDONALD

MORROE BERGER, THEODORE ABEL, AND CHARLES H. PAGE: *Freedom and Control in Modern Society*, New York, D. Van Nostrand Company, Inc., 1954. 312 pages. \$4.25.

This volume of essays was written in honor of Robert Morrison MacIver. The editors and authors—the two categories do not overlap—are students or admirers of MacIver, whose works and views are frequently mentioned, though the authors seem not to have felt it necessary to adhere to them slavishly.

The last two of the fourteen articles deal with MacIver's contributions to social theory (Harry Alpert) and political theory (David Spitz). This is not the place and time to discuss these theories. They seem to be well presented by the respective authors, though one might feel that nothing is added to MacIver's stature by the emotional outbursts against his contemporaries. Is it, for instance, fair to refer to American sociologists of the 1920's as "content to wallow in the big heap of factual garbage which [they] had been busily piling up in [their] own raw-empirical trough"?

Seven articles treat of social control, the group, and the individual, pointing toward MacIver's sociological and socio-psychological interest. Five others are concerned with the state and

society, relating political science and sociological approaches to each other. The line of demarcation between the two groups of articles is hazy and non-essential; one or another article might be exchanged without damage to the total structure.

Gardner Murphy discusses the internalization of social controls within the framework of traditional social psychology. Robert Bierstedt deals with the problem of authority in an approach which is phenomenological rather than empirical. When he concludes that joining a voluntary association implies unconditional surrender to the authority exercised by other members of the association according to its norms, this is not only false if stated in such a general manner, but also dangerous if presented as scientific fact. His distinction between leadership and authority is arbitrary and ignores many easily ascertainable facts which defy his constructs.

The longest, and, perhaps, most interesting article in the book is the result of a co-operative effort in the study of friendship as a social process. Robert Merton first summarizes the findings of a substantive study on the subject matter. This summary is then formally analyzed by Paul Lazarsfeld. The conclusion is furnished by Merton, who shows what may be learned from sub-

mitting one's work to such analysis. This article should be included in the list of "must" readings for any course in research methods.

Seymour Martin Lipset, in "The Political Process in Trade Unions: A Theoretical Statement," looks at the large bureaucratic trade-union as a power structure. He finds democracy inherently unstable in unions and stresses the power of incumbent administrations. His observation that unions suffer from a scarcity of politically skilled individuals and therefore may have to accept Communists into the ranks of administration deserves special attention today. He suggests three methods for the study of unions: (1) the collection of large numbers of quantitative data from a large number of unions; (2) the attempt, on the basis of theoretical analysis, to predict the behavior of an organization in future critical situations; (3) the analysis of deviant cases. That the second and third method could be used without including the first seems doubtful to this reviewer. The author deserves full support for condemning the presentation of unverified findings from case studies as universally valid generalizations.

In "Social Groups in the Modern World," Florian Znaniecki expresses a need for a taxonomic classification of groups and suggests that it be based on group function. Milton M. Gordon, "Social Structure and Goals in Group Relations," deals with cultures and subcultures within the American social structure. He stresses the need for concrete study of specific subcultures and points to five general types of alternatives in integration or non-integration of ethnic cultures in this country.

Nathan Glazer discusses the process of change occurring in ethnic groups in this country as they give up their national cultures and, paradoxically, acquire an ideology of old-country nationalism at the same time. He points to the "third generation reaction," an attempt to return to one's origins, a reaction to the second generation's 200 per cent Americanism. This article is called to the full attention of students of minorities, of population, and of urban and rural planning.

MacIver's views on the position of the social scientist as a moral agent rather than a mere recorder of facts seems to have made a stronger impression on his followers in political studies than on those in sociology. Some of the former who are presented in this volume tend to lose sight, presumably on purpose, of the line that separates science and philosophy. They assert their value judgments and the speculations that they derive from them with the same assurance as their generalizations from observations—if, indeed, there are any of the latter. Thomas I. Cook's contribution, "Individual Liberty Today: Challenge and Prospect," is a case in point. An impassioned plea, it relies for its justification on a home-made psychology without benefit of professional research by psychologists. The intention, however, is noble.

J. M. Clark elucidates the increasing interdependence of government and economics in an interventionist society. He criticizes present-day economists "whose theories have become largely theories of what is sound and economically correct, rather than of the forces determining actual events." Among economists, the Keynesians are

said to have made the best adjustment to the changed conditions in the relation of capital and labor on the one hand and government and democratic institutions on the other. Clark specifically points to the quasi-political aspects of collective bargaining and the large importance of nonrational factors (poor economic man!) in the behavior of both sides in this process. A very useful paper for labor economists and industrial psychologists, as well as political scientists.

Kingsley Davis', "The Demographic Foundations of National Power," is the kind of discussion that might infuse life into the bloodless presentations of population data so often encountered. Davis demonstrates the close relationship of power, defined as the ability of one nation to influence the other, and the size of the population. He recognizes that natural resources and a tradition of efficiency, governmental stability, and military discipline are also of importance. He analyzes strengths and weaknesses of the two major blocks of nations in the world today and points to the paradox of the United Nations, where the vote of a small nation has the same weight as that of a great power.

Alex Inkeles, in "Social Change in Soviet Russia," shows how the aims of social planning have been changed repeatedly in the Soviet Union. He criticizes Soviet leaders for having planned governmental and economic change without planning social change. He seems to overlook the fact that their theory—Marxism—assures them that the desirable social consequences will arise of their own accord as the inevitable product of changes introduced

in the relations of production. It seems to the reviewer that the developments described prove not the impossibility of planning, as the author seems to imply, but the falsity of the Marxian theory of economic determinism, specifically with regard to family life, education, and law. This historical study of modern Russia is to be not merely a case study, but is intended to serve also as a constructed type for the study of future communist revolutions.

In "The Utility of Political Science," George Catlin criticizes modern governments for neglecting to use the expert advice of political scientists, and modern political scientists for not providing such advice. The possibility of arriving at scientific generalizations from experimental observations is recognized as possible. Unfortunately, however, the author sees the aim of this scientific process of observation and generalization in the discovery of a system of natural laws, a set of norms conducive to political health, analogously compared to doctors' prescriptions for the maintenance and restoration of physical body-health, rather than a set of descriptive generalizations indicating the probable effects of alternative possibilities of human action. Such a set of norms presupposes agreement on the desirable conditions of states and it seems doubtful that we in our day and age are more likely to reach such an agreement than all the not exactly foolish thinkers of the past few thousand years.

Altogether, the book, which is well made—clearly printed and tastefully bound—should be in any college library and ought to be a valuable help in the hand library of the teacher or re-

search man in the social sciences. The editors are to be thanked and Professor MacIver congratulated.

Franz Adler
University of Arkansas

ARTHUR P. MILES: *American Social Work Theory: A Critique and a Proposal*. New York, Harper & Brothers, 1954. 246 pages. \$3.00.

American Social Work Theory: A Critique and a Proposal opportunely comes from the press at a time when social work as a profession has great interest in the interpretation of its basic beliefs, the services which it offers, and how it serves. A second matter of interest to this profession is the building of more understanding of its role in a democratic society, thus gaining more strength and support through good public relations. A third concern is the recruiting of able potential practitioners for this field, a task which includes finding well-qualified graduate students for schools of social work. The profession is heavily indebted to its colleagues, the social scientists, for much that has enriched the practice in social work. Social workers are greatly dependent upon social scientists for help in discovering students who have majored in the social sciences and who have a strong interest in entering social work, a profession in which there is no ceiling on employment for well-prepared practitioners.

The final chapter of the book, "A Proposal," is of particular interest to this reviewer and was read with a keen sense of gratitude. It is evident that social work as a profession has been

moving in the direction of co-operative research for some time. It is predicted that the next decade will show great strides in this area. Miles skillfully appraises the evolution and current status of social work, points out its lacks in research, and makes a strong plea for co-operative research. He sees the problems of practice in social work as ideally suited to broad co-operative research with the social sciences. Since so much emphasis is placed on team activities in social work, his proposal to conduct such research as he describes is logical.

Miles clearly delineates the strivings of the profession toward maturity in the various decades, particularly since the '30's. It now remains to use the proposal which he makes as a springboard as social workers learn from each other how to use methods of co-operative research established by older disciplines. There are many evidences of the current decade's being one of self-inquiry and self-testing on the part of the profession, without fears which have beset it in the past. During this period it will be moving into a new social work organization, which merges a number of professional associations. A twin development is the new and comprehensive organization of the Council on Social Work Education. This body, in operation for one year, includes in its new membership citizen supporters of social work programs and social scientists from the various colleges throughout the country, as well as practitioners in social work and faculty members of approved graduate schools of social work. The Council has as its concern the strengthening of education for social work and the improvement

of its practice. Already this group is carrying on studies and formulating research designs more extensive than programs carried on in the past. It is conceivable that the two groups can unite to explore the areas Miles brings to our attention in the final chapter.

The three chapters on the primary (or generally accepted as primary) processes of social work, i.e., social case work, social group work, and community organization for social work, would be of more value and interest to the nonsocial-work reader than the differences in philosophy within the profession and the dissatisfactions expressed with Freudian theory. It seems to this reviewer that many social workers have moved beyond the stage portrayed here by integrating the content borrowed from various sources, such as from psycho-analytic theory, and by developing more definitive content which pertains to social work as now practiced. The constant revision of curricula in schools of social work in areas of knowledge and practice attests to this.

This book is recommended for reading by social scientists who are interested in learning more of the methods of social work, as well as for the person who may be searching for materials for survey courses in social work. Social workers will find this material of interest from the standpoint of gaining more of a social-scientific approach to the problems encountered by social workers. For some, the content may yield more understanding of the history of Western Christian traditions and of economic institutions as they have affected the history of social work. Some of the viewpoints are challenging,

provocative, and controversial, as viewed by social-work readers.

Lora Lee Pederson
University of Texas

E. GORDON ERICKSEN: *Urban Behavior*. New York, The Macmillan Co., 1954. 482 pages. \$4.75.

To the increasingly numerous college textbooks on urban sociology is added a substantial and thoughtful newcomer. Written in the tradition of Park, Burgess, McKenzie, and Wirth, *Urban Behavior* is highly readable and attractive in format.

Two central theses motivate the author in his concern with the city: (1) that the city is the incomparable sociological laboratory because it "tends to spread out and lay bare to public view on a massive scale all the characteristics and traits which are ordinarily obscured and suppressed in smaller communities"; (2) that the central problem of our civilization is the city problem, "achieving in the freedom and anonymity of the city a social order and a means of social control equivalent to the family, clan, and tribal life of antiquity."

The first part of the book, following an introductory and historical section, is devoted to a two hundred-page treatment of the ecology of the city, dealing "with *physical space*, observing how land takes on symbolic qualities, sifting and resifting populations in terms of race, income, occupation, politics, education, and so forth." The urban ecologist fails, it is argued, when he limits himself to the study of static structures and relationships; process

and change are of the essence. Erickson's analysis is organized in terms of ecological processes: aggregation, mobility, competition, dominance, gradient, segregation, concentration, dispersion, centralization, decentralization, invasion, and succession. Mobility is viewed as the "underlying process, functioning to initiate the other processes." He rejects the traditional concept of impersonal symbiosis.

The latter half of the book is concerned with urban personality, social organization, and city planning. Here the basic problem is viewed as that of consensus in the urban milieu, and the impact of alternative techniques for achieving it.

The author expresses hope that the urban sociologist may provide the knowledge basic for effective city planning and for rational control by the urbanite over his environment.

When the reviewer first read the title and the publisher's description of this book, he dared to hope that the limiting influence of American urbanism on the generalizations and data of urban sociology texts might finally have been surmounted. Such has not been the case. Only very incidentally have the great foreign cities of the world been accounted for in the textbook under review. Not yet do we know whether Erickson's generalizations would apply as well to Tokyo, Peiping, Bombay, and Moscow, as to Kansas City, Chicago, and Los Angeles. Despite the wealth of data available on foreign cities, the generically and cross-culturally adequate textbook in urban sociology has yet to be written.

David B. Carpenter
Washington University

WILLIAM EBENSTEIN: *Today's Isms: Communism, Fascism, Capitalism, Socialism*. New York, Prentice-Hall, Inc., 1954. 191 pages. \$2.95.

This volume satisfies a real need in its analysis of the major isms in the democratic-totalitarian conflict. It will be of great value to the reader who is not prepared for the more sophisticated analyses of this conflict and yet wishes to have a better understanding of it than is afforded by contemporary journalism. But the principal value of *Today's Isms* is as a text in an undergraduate course designed primarily for the casual student who has no systematic knowledge of either the theory or institutions of democracy and totalitarianism. For the latter purpose, this reviewer knows of nothing more suitable.

Ebenstein conceives of totalitarianism and democracy as "two diametrically opposed ways of life," and his approach to the problem reflects his conviction. Rather than simply comparing and contrasting the basic theories and distinguishing practices of each system, he has presented them as irreconcilable philosophies of life, based on totally different conceptions of the nature and destiny of man. This approach has distinct advantages, the chief one being that it makes possible the reduction of the conflict to its very simplest and most comprehensible terms. Through the welter of extremely diverse institutional arrangements found in fascism and communism on the one hand and democracies on the other, one fact clearly emerges: Western civilization is engaged in mortal conflict. The student is thus spared that

involvement in detail which obscures the essential sameness of all totalitarianisms and the common elements in the free systems. Rather his attention is directed to those ideals and conditions which operate to sustain the two systems, and it is this that recommends the book for the general reader or as a text for an elementary course in the isms.

The "way-of-life" approach, however, has some serious limitations, and these must be recognized. Communism and fascism are indeed ways of life, or, more accurately, secular religions, which provide an answer to every conceivable human problem and an explanation for every conceivable situation. It should be clear that democracy can never become a "way of life" in this sense without also becoming, if not totalitarian, at least authoritarian. Democracy, properly understood, is a process or method, the method of freedom, by which a pluralistic society articulates itself for effective action. The real stake in the conflict is Western civilization, which certainly is not exhausted by the so-called "democratic way of life," whether it be capitalistic or socialistic, but rather at the present is represented in the main by democratic government. Beyond this, one could challenge Ebenstein's contention that democracy, even as a process, finds its true expression in Bertrand Russell or John Dewey. One might agree that "rational empiricism" is essential to the process and yet contend that it must be the empiricism of Burke, John Adams, or Lincoln. There are those who would even contend that the Russell-Dewey empiricism is an involuntary ally to totalitarianism (even Russell has seen in Dewey a kind of "cos-

mic impiety"). That democracy must have some final truths cannot be stressed too much, else the conflict described by the author is more imagined than real.

Despite the drawbacks concomitant to any treatment of democracy as a way of life, Ebenstein has written a book that will clarify many of the issues in the conflict, and in so doing has rendered democracy a service.

Frank Grace
University of Michigan

RUSSELL H. FITZGIBBON: *Uruguay: Portrait of a Democracy*. New Brunswick, Rutgers University Press, 1954. 301 pages. \$5.75.

American political-science specialists on Latin-American governments and politics, when polled in 1945 and again in 1950 on the rating of Latin-American republics in democratic achievement, unanimously agreed on both occasions that the Republic of Uruguay should head the list. So deeply committed are Uruguayans to democratic principles, and so remarkable has been their endeavor to shape their political, social, and economic institutions in harmony with these principles that the country has fairly earned the appellation "The Switzerland of South America."

The tiny country, perilously situated as a buffer between Argentina and Brazil, is also widely known as "the social laboratory of South America," because of her cognizance of social problems and the government's partial responsibility for solving them. Dating from the early years of the present century,

there has been a flood tide of social and labor legislation, with the result that Uruguay has also been called "South America's first welfare state." According to Fitzgibbon, "Uruguay now has a record of more than eighty statutes on such matters as hours of labor, a weekly rest, paid annual vacations, minimum wages, domestic labor, compensation for dismissal, unemployment compensation, labor accidents and occupational diseases, . . . unemployment and labor exchanges, economical housing, and old-age pensions." Incidentally, most of this legislation antedated our Wagner Act by a good twenty years. Uruguay was truly the pioneer of Western Hemisphere nations in marshaling governmental aid and protection for the underprivileged. "It is doubtless true," says Fitzgibbon, "that both the bodily and social ills of Uruguayans are responsibilities weighing more heavily on the public conscience than can be said of any other Latin American country."

But over and above the foregoing, the principal attraction of Uruguay for the political scientist has been the recent replacement of the national presidency by a nine-man executive committee, i.e., the collegiate executive on the Swiss model. Fitzgibbon describes fully and adequately not only the composition, organization, and functioning of the *colegiado*, but also its historical background, comprised in large part of the powerful influence of Uruguay's greatest statesman, José Batlle y Ordoñez, who urged the plural executive as a remedy for personalist government.

The author's portrait of the Uruguayan republic is not impressionistic, done with broad strokes of the brush, but rather a photographic study, faith-

ful in detail. The volume contains chapters on historical and physiographic background, government and politics, education, economics, religion, literature and the arts, recreation, and international relations. Though somewhat encyclopedic and overburdened with data and statistics, it should be, as states the blurb, "the perfect book for the tourist visiting Uruguay, as well as for the armchair traveler."

J. Lloyd Mecham
University of Texas

ANATOL MURAD: *Private Credit and Public Debt*. Washington, D.C., Public Affairs Press, 1954. 190 pages. \$3.75.

In capitalist society, argues Murad, people save not to postpone consumption but mainly to purchase securities which will yield a permanent source of income without working. The propensity to save is very strong, especially when employment and income are at high levels. Under modern conditions private business firms do not issue a sufficient volume of new securities to match these savings. The author advances the amazing thesis that the explanation for the inadequate volume of private securities stems from an inadequate labor supply. He argues that in a fully industrialized society all available manpower is required to operate, maintain, repair, and replace the existing productive machinery. Thus, there is a shortage of labor for adding to our productive capacity. If there were no saving, there would be no need for net, new investment. Since people insist on saving, government has been forced to issue large volumes of in-

terest-bearing securities to satisfy the demand of those groups that crave an income without working.

But "the principle of diminishing net investment" applies also to public investments. Consequently, in a fully industrialized society there can be no net investment, private or public. If there is no investment, there can be no saving, and no source of income without working. But the essence of capitalism is private ownership of the means of production, which gives rise to income without working for certain groups. When this source of income disappears, capitalism gives way to socialism. War and preparation for war have postponed the inevitable in recent decades, but this is at best only a temporary solution.

To this reviewer it appears that if capitalism is doomed because of an inadequate labor supply, perhaps the day of reckoning could be postponed indefinitely by repeal of our immigration laws. Whether the main thesis is tenable or not, however, the author has been highly successful in exploding a number of widely held myths about private credit and public debt.

W. N. Peach

University of Oklahoma

LEON WALRAS: *Elements of Pure Economics*. Trans. by William Jaffe. Homewood, Illinois, Richard D. Irwin, Inc., 1954. 620 pages. \$7.50.

After a long period of painstaking effort, Jaffe presents his translation of Walras' *Elements*, complete with a collation of editions and an unobtrusive sixty-two-page appendix of especially

valuable notes. Both for intrinsic worth and for Jaffe's labors, this book deserves to be read and discussed by the many able economists who still have not read the man who may well be the greatest creative mind that economics has produced. The translation and commentary are indeed a model of how such things should be done in editing a great work and are a fit tribute to Walras.

It may be objected that although many economists have not read Walras, his ideas—particularly the idea of general equilibrium—are now part of the accepted body of economic thought. Why should economists and other social scientists occupy themselves with past masterpieces such as this? After all, physicists do not pore over Newton. Social scientists, however, probably have special justification for reviewing the work of past thinkers in their fields. The social sciences are not as old as the physical sciences, an enormous amount of ground is involved, and the total effort and sifting of material have been minor as compared with other sciences. That unexploited sources do exist, even in such comparatively well-developed fields as economics, is certainly shown in our time by Keynes' reading of Malthus' *Principles*. Past writings can assume new significance in the light of further scientific advance and, peculiarly important to the social sciences, old ideas can come to have new meaning in a changed institutional environment.

Although Walras' presentation of general equilibrium analysis may seem crude and stilted today, the perspicacious reader will look beyond this for other ideas that may yet be further developed. Here, perhaps, Walras' ideas

on capital and interest may prove most fruitful.

The reading of this work will force upon all economists a greater appreciation of how far ahead of the rest of the economics profession Walras was in 1874. Certainly it is time that the simple identification of Walras as one of the three discoverers of the principle of diminishing marginal utility be expanded.

Aurelius Morgner
Texas A. & M. College

JOSEPH HOWARD PARKS: *General Edmund Kirby Smith, C. S. A.* (Southern Biography Series). Baton Rouge, Louisiana State University Press, 1954. 515 pages. \$6.00.

Had it not been for the Civil War, Edmund Kirby Smith (1824-93) would, as did so many other military greats emerging from that struggle, probably have lived out his days as another regular army officer and gone to an obscure grave. The war did occur, however, and it made of him one of the full generals of the Confederacy, a character of historical note.

Like Lee and Jackson, the "Blücher of Manassas" well understood that Southern independence must be won not by holding actions, but in the destruction of the enemy military machine. His one real opportunity to demonstrate a gift for sound strategic concept and its tactical application came in 1862, when he launched a brilliantly executed invasion of Kentucky—only to be forced to withdraw, thanks to the wonted timidity of that dark angel of the Confederacy, General Braxton Bragg.

Thereafter, in February, 1863, Kirby Smith was sent to command the Trans-Mississippi Department. It is in this well-related portion of his work that Parks performs most notably in shedding light. We who sit east of the River have for long been too much concerned with the enemy stirring along the Potomac, almost to the utter neglect of that portion of Rebeldom that came to be known half-humorously, but also in tribute to the skill of its commander, as "Kirby-Smithdom."

Kirby-Smithdom" was far from the self-operating paradise that is occasionally assumed. Deference for the prerogatives of civil authority; the necessity of co-operating with governors who, to the detriment of strategy, insisted that every inch of their own state territory be defended; improvisation in fielding and maintaining troops (particularly after the fall of Port Hudson); controlling cotton speculation; handling the maddening importunities of military subordinates who saw a thousand Yankees lurking behind every bush—these and related problems were an everyday concern of a soldier who had to learn as he groped his way along and who, in learning, grew in stature.

After the war Kirby Smith tried his hand at various enterprises but with little luck until, in 1875, he procured the professorship of mathematics at the newly founded University of the South at Sewanee, Tennessee. There, on his beloved "Mountaintop," this pious Christian gentleman, surrounded by a growing family—for he was a typical son of his era—spent the final (least exciting but, surely to him, most satisfactory) eighteen years of his life.

Park's work is a welcome addition

to the Southern Biography Series, completely superseding the only other full "life" of the general, that labor of love published by Arthur Howard Noll in 1907.

Encomiums to the L. S. U. Press for printing this book in a typeface bold and clear. An arched eyebrow at the proofreader who let pass "ground made hollow by Martin Luther and Philip Melancthon" (p. 95). Mild astonishment to Professor Parks for his disregard for dependent clauses; one feels uneasily that the author once stepped into a nest of commas and wishes nothing more to do with them. And anathemas upon the soul who decided that, since this work needs maps, it were well enough to fake along by reproducing two of those cartographic crimes first committed in *Battles and Leaders*. They were monuments of obscurity when originally published. Nor have they gained in clarity by being reduced in size. It is to be hoped, indeed, that someday they will all be taken out and, midst the cheers of the populace, burned by the common hangman in the public square. Obscurantism? Not at all: such would be its very contrary.

Robert L. Scribner
Virginia State Library

PAUL T. DAVID, MALCOLM MOOS, AND
RALPH M. GOLDMAN: *Presidential
Nominating Politics in 1952*. 5 vols.
Baltimore, Johns Hopkins Press,
1954. 1567 pages. \$17.50.

These five volumes make up a report on the most intensive study yet made of the Presidential nominating process in the United States. They give, for the

first time, a detailed and objective account of the nomination of two Presidential candidates from precinct through convention. They are the product of sustained co-operation of more than a hundred political scientists, and as such will stand as a landmark in political research. The study was sponsored by the American Political Science Association, assisted financially by the Stern Family Fund, and technically and administratively by the Brookings Institution.

The first volume describes the pre-convention campaigns and national conventions of 1952, summarizes the procedure of selecting delegates in the states, and discusses the broad problems posed by Presidential nominations. The other four books give state-by-state analyses of the selection and behavior of delegations to the conventions from the Northeast, the South, the Middle West, and the West, respectively.

The value of the first volume lies in its clear and comprehensive summary of material which is available otherwise only in many scattered sources. The regional volumes are invaluable for their information on the infinitely varied local arrangements which characterize American politics.

The report has a public-problem orientation, rather than a political theory one; it is intended to help people who want to improve the nominating process, or who want to take an active and practical part in the nominations of 1956. "In seeking information and in organizing it," say the authors, "we have sought to give priority to the facts needed for a serious consideration of the questions raised in the basic issues [of nominating procedure] chapter,

insofar as those facts can be found in the experience of 1952."

The books do not deal with any of the theoretical problems of political process or behavior, group conflict, or leadership selection. No hypotheses were tested in the course of the study, nor are any suggested at the end on the basis of the massive data on the experiences in the states. Moreover, it would be hazardous for the reader to attempt to formulate them for himself, inasmuch as there is no way of knowing what phenomena, if any, were systematically observed by all the contributors.

The ultimate judgment of the merits of the report therefore will turn upon one's conception of the proper role, or the relative importance of several roles, of the professional student of politics. The political scientist as teacher and as public-policy adviser will profit greatly from it—as will those professionals and amateurs concerned with practical politics whom the report is designed as much to help. The political scientist who conceives his professional obligation to be primarily that of attempting to construct a viable theory of politics will regret that this extensive and impressive effort leaves him about where he stood before.

Ralph K. Hutt
University of Wisconsin

DAVID McCORD WRIGHT: *A Key to Modern Economics*. New York, The Macmillan Company, 1954. 520 pages. \$4.75.

HENRY GRAYSON: *Economic Planning Under Free Enterprise*. Washington, Public Affairs Press, 1954. 134 pages. \$2.00.

Wright's *Key To Modern Economics* is a step in the right direction. Introductory manuals in economics have become monstrous in size. The result has been a long list of rambling encyclopedic works which leave the reader in a somnambulistic state. Wright has written a moderately short book, leaving to more specialized treatments much of the extraneous material that clutters the pages of the more usual text. Well-organized around the central themes of economic growth and economic stability, all of the subjects treated are handled from these standpoints.

Nevertheless, as the reader will quickly perceive, this is a book with a "message." Wright is a dedicated man. Misinformers of both left and right—but mostly left—have been afoot, and Wright has found them out. The general theme of this book is the general theme of the author, which is now well known from his other works. Economic disturbance is a product of technological innovation and would be present in any social organization, capitalist or not. The major difficulty appears to be that innovation is not regular. As one major industry reaches its peak of growth, there is not always ready at hand a new one to take its place. Thus, net investment outlay is subjected to fits and starts. According to Wright, the problem is aggravated by high wages, the progressive income tax, and government meddling, all of which destroy the high spirits of the creative captains of industry. The general framework of his argument is that of Schumpeter. Despite the Keynesian demeanor, he walks spiritually in the shadow of Schumpeter. Wright's solution to the major problem of economic stability would be to encourage investment outlay by

what could be called a "low-wage, high-profit" economy. This is a retreat to nineteenth-century economics.

Until the second quarter of this century, most of the Western nations adhered to just such an economic program, i.e., *laissez faire*. The significance of Grayson's volume is that it demonstrates how widespread has been the turn to some kind of intelligent economic guidance. Grayson's study covers planning for economic stability in the United States, Canada, the United Kingdom, Sweden, and the OEEC countries. It is complete and well presented as far as it goes. It is to be regretted, though, that he did not see fit to cover much more than forecasting, budgeting, and fiscal planning.

David Hamilton
University of New Mexico

ROBERT H. LOWIE: *Indians of the Plains*. New York, McGraw-Hill Book Company, Inc., 1954. 222 pages.

This is an anthropological handbook, published for the American Museum of Natural History. In the introductory chapter, Lowie identifies the Indians he is describing as including the natives of southern Alberta, Saskatchewan, and Manitoba; of Montana, Wyoming, Colorado, the Dakotas, Nebraska, Kansas, Oklahoma, and northern Texas; and of Minnesota, Iowa, Missouri, and Arkansas. In addition, he discusses the natives of marginal areas and describes briefly the culture of the Indians in these areas.

Chapter two discusses the material culture, with emphasis on the methods of food-gathering and preparation; the dwellings and their construction; their

domestic animals—dogs—and means of transportation; their dress and personal decorations; their tools and artifacts. Chapter three deals with their social organizations, including marriage and the family; bands, clans, phratries, and moieties; warfare; government; trade and economic values.

Chapter four describes their customary forms of recreation, emphasizing the various forms of games and athletic sports. Storytelling is one of the common enjoyments of these people.

Chapters five through nine are relatively short and deal respectively with: art—painting on skins, rawhide decorations, embroidery, designs and symbolism, and music; supernatural beliefs, practice, and leaders—visions, shamans, priests, the hereafter, ceremonialism, and the Sun Dance; history, including both deductions from archaeological discoveries and from traditions and myths; acculturation, showing the efforts of the United States to educate the Indian into the white man's way of life. The concluding chapter summarizes the material of the book.

Throughout the study, the similarity of culture traits of these different Indian tribes is discussed, as is the similarity of culture traits of the Plains Indians with other tribes of Indians, such as those of the Woodlands of the East and the Plateaus of the West. Lowie's brief discussion of the behavior of the Indians lacks the intimate descriptions found in many studies of Indian life and culture. The outstanding feature of the book is the great number of excellent designs, drawings, and photographs, which greatly increase its interest.

Marion B. Smith
Louisiana State University

JAMES E. PATE: *Local Government and Administration*. New York, American Book Company, 1954. 595 pages. \$5.75.

This textbook is concerned almost wholly with municipal government and administration, municipal services, and municipal intergovernmental relations. Although brief mention is made in appropriate places of other units of local government—the county, the New England town, the township, the school district, and other special districts—and one chapter is "The County and the Smaller Municipalities," the point of departure is the municipality. With emphasis upon principles and problems, the author discusses, in separate chapters, the growth and significance of the municipality, its legal basis, its position in the "web of government," municipal intergovernmental relations, metropolitan areas, local politics, and election administration. Three chapters are concerned with the forms of municipal government and a like number with the major administrative problems of organization and management, personnel, and the management of municipal finance. Following the chapter "Municipal Expenditures and Revenues," the municipal services of planning and zoning, public housing, health, welfare, education, law enforcement, fire prevention and extinction, public works, and regulation and operation of business are discussed. A final chapter is called "Citizen Action." "Questions and Problems," designed to provoke the student's interest in his own community, and a list of selective references are at the end of each chapter.

The author of any textbook on local government inevitably faces difficult problems of inclusion, exclusion, and emphasis, which arise from the large number of *things* with which he has to deal, the difficulty of finding accurate and current information, and the variations that result from the separate actions of forty-eight states. In the opinion of the reviewer, the author has resolved these problems rather successfully. He has written an interesting and readable text that combines sufficient factual information with sound discussion of problems and basic principles. Apt illustrations are used to enliven his discussion, and numerous quotations from, and references to, authoritative sources in law, political science, and related fields buttress his comments. It is a well-planned job, carefully done by a scholar who has enjoyed practical experience in the field of his academic interest.

J. Alton Burdine
University of Texas

DAVID M. POTTER: *People of Plenty*. Chicago, University of Chicago Press, 1954. 219 pages. \$3.50.

Several years ago, David M. Potter, Yale University historian, found himself stuck with the job of delivering six lectures on the influence of abundance on the American character. The invitation had been issued by the Walgreen Foundation, and he had accepted lightheartedly (one gathers all this from his own words) on the assumption that he would be able to discuss American character as adequately as the

overnight experts and strolling academic minstrels who understand America unwisely and not too well. But as the zero hour approached, his instinct for workmanship rebelled. He refused to add to the often empty literature on national character. Indeed, he wondered whether such a thing as national character existed, and, if so, which of the social sciences had made national character a serious business. This led him to a sort of soul-searching, interdisciplinary flight. *People of Plenty* is the log of that journey.

The book divides, roughly, into halves: the first is methodological—how to study national character reliably; the second is substantive—the effect of American abundance on national character. All too briefly, here are a few of the methodological findings: History alone has no reliable way of studying national character, but, properly used, plays a large supporting role. Cultural anthropology does have reliable ways of studying national character. The psychoanalysts, concerned with what goes on in the “nursery, the bathroom, and the bedroom” scrutinize the areas in which the bases of both individual and national character are laid.

As to the substantive half of the book, again all too briefly: Our democracy, Turner’s frontier thesis, our fumbling foreign policy—all are understood better if we understand how they are rooted in the fabulous abundance of America. American character is, in final analysis, formed in the family, a family in which, because of abundance, parents and grandparents are young, economic responsibility comes late, multibedroom dwellings

allow vast privacy, and inexhaustible supplies of fresh diapers prolong the crucial toilet-training months. Such things shape individual character; hence American character.

Readers who are tough old interdisciplinary hands themselves will find the book intensely interesting, though perhaps on the intermediate rather than advanced level. One cannot but admire the adventurousness and integrity of mind that pushed the inquirer into such new fields as cultural anthropology and depth psychology. A rush and sweep carry the reader along and, incidentally, made the author write “data is” on page 65.

John S. Gambs
Hamilton College

LOWRY NELSON: *American Farm Life*.
Cambridge, Harvard University
Press, 1954. 192 pages. \$3.75.

This book is designed to present a broad picture of mid-century rural trends for city people who may be unaware of changes that have been occurring on the farms. It includes chapters reviewing briefly changes in the function of rural schools, churches, the family, and community life. There are brief accounts of farmers’ co-operative associations, of changes in local and federal government impingements upon the farmer, of trends in the farm labor force, and a general statement about our “rural heritage.” There is also a short chapter about the technological frontier, which reports several developments in mechanization, electrification, crop research, and farm-management techniques, followed by discussion of

some of their social and economic consequences.

The author makes several recommendations, two of the more salient of which concern local political organization and care for migrant farm laborers. In the former instance he suggests greater integration of both state and federal agencies on the county level, a course of action that might be related ultimately to a more effective solution to the problems of the migrant farm laborer and his family.

Nelson's summary discussion of "the new farmer" revolves around the many indices of a long-range contraction of differences between farm and city populations. The new farmer, he contends, has "achieved a level of sophisticated understanding far beyond that of any previous generation. . . . Thus, the human factor in agriculture today is unexcelled by any previous generation, both in technical training and in general understanding of its relationship to other groups in this country and other lands." In the reviewer's opinion, however, the author does not give proportionate attention to the simultaneous increase in the complexity of the farmer's economic situation. It will take a "new farmer" indeed to solve the new problems being created, especially on the technological frontier.

The range of materials covered is extremely broad for such a small book; thus the book serves primarily to introduce subjects, not to discuss them extensively. It is not designed to serve the needs of professional social scientists, but it should prove helpful to laymen who wish to learn a little about some of the major farm developments which have contributed to ambiguity in the old rural-urban dichotomy. The

factual content is lucidly presented. This book calls attention to social changes which have wide ramifications.

Leonard G. Benson
North Texas State College

ALEX N. DRAGNICH: *Tito's Promised Land*. New Brunswick, Rutgers University Press, 1954. 337 pages. \$5.75.

C. E. BLACK (ed.): *Challenge in Eastern Europe*. New Brunswick, Rutgers University Press, 1954. 276 pages. \$4.00

These two publications of Rutgers University Press are significant and valuable additions to the literature in the Eastern European field. Dragnich, a second-generation American, brings two rare advantages to his work: first, a background knowledge of the Serbo-Croatian language, and second, varying periods of residence in Yugoslavia between 1939 and 1952, including a three-year stay as cultural attaché at the American Legation. The result is that his book is one of the few recently published which are based on firsthand knowledge of the country and which extensively utilize the newspaper, periodical, and official sources. In many ways it is a salutary antidote to the more generalized and optimistic descriptions of Tito's regime which have recently appeared in the United States. In addition to an analysis of the workings of the legal, social, and economic aspects of the government and their effect on the population, the author also draws interesting conclusions as to the nature of the Communist rule. Basically the author holds the Allies responsible for the successful seizure and retention of power by Tito and indi-

cates that it has culminated in the creation of a thoroughly Communist dictatorship which has never received the enthusiastic support of the people and which owes what economic success it has achieved to the material support given it by the Allies, especially the United States. The government today, despite its difficulties with the USSR, is, and will remain, totalitarian in character and if it achieves permanent supremacy, it will do so because of American economic support. In general the author feels that the government's attempts at social and economic reforms have been unsuccessful, due in part to the attempt to employ doctrinaire Marxist theories in opposition to the traditional social and economic structure of the country, and also to the lack of trained and competent technicians to carry out the bureaucratic functions essential in a planned society. The author implies that the withdrawal of Western support would so incapacitate the regime that the possibility of its collapse would become imminent, thus affording an opportunity for the basic democratic aspirations of the people to find expression. The thesis is an interesting one, though the author does not adequately consider the possibility that such withdrawal might result in driving Tito into the arms of the USSR, a possibility greatly increased by the death of Stalin, thus clamping the jacket of communism even more firmly on the Yugoslavian people. The factual information in the work is drawn mostly from personal experiences of the author and the current literature of the period. It gives a clear and rather grim picture of the Promised Land. The book should alert Americans to the realities of the Yugoslavian problem and lead

to a sober re-evaluation of our official policy.

The second work, edited by C. E. Black, comprises six essays by East European exiles and five by American scholars, all on problems relating to Eastern Europe. There are three general topics covered: the politics of Eastern Europe, the agrarian question, and the problem of regional security and the balance of power. Although all the essays are good, those by former governmental officials are especially interesting, not only because they bring firsthand knowledge to the problem but also because they are indicative of the type of thought current in the *émigré* community. It is to this community that we have to look for potential leaders should the raising of the Iron Curtain make possible the freeing of the satellite states, and it is this group likewise that is in touch with such underground movements as may now exist inside the Russian Zone. While some of the essays are perhaps unduly optimistic in regard to past virtues and future potentials of the peoples of Eastern Europe, they do demonstrate that many of the leaders in exile have, unlike the Bourbons, learned much. In expressing their views, they have also helped to correct certain unwarranted generalizations about Eastern European situations which have crept into the minds of many as a result of reading more popular and less scholarly works. These essays, then, are commended to the attention of those who would see Eastern Europe as its democratic defenders see it and who are concerned also with attaining a better understanding of the social, political, and economic motivations of an area and people fated by

history to be the buffer between the great powers of the East and West.

H. Malcolm Macdonald
University of Texas

IRVING BERNSTEIN: *The Arbitration of Wages*. Berkeley and Los Angeles, University of California Press, 1954. 125 pages. \$3.50.

Arbitration is a commonly advanced panacea for the solution of problems giving rise to strikes. In the solution of problems of interpretation of collective agreements, it has become big business—for arbitrators and publishing houses reporting arbitration cases—and few doubt its constructive role in this area.

Arbitration over differences as to what should go into a collective agreement, however, is still extremely rare in the United States. Bernstein probably overestimates when he says: "There is, in fact, no risk in stating that not more than 2 per cent of general wage changes in peacetime are arbitrated" (p. 106). Certainly 2 per cent is far more than the proportion of total workers covered by collective agreements for whom arbitration determines the wage. The picture portrayed in the book indicates quite realistically much of the reason why.

With the exception of those few cases in which arbitration clauses automatically apply to wage changes during the pendency of an agreement under wage-reopening clauses, each decision to arbitrate contract terms must be taken *de novo* by agreement of the parties. The most significant point made by this book is that each party makes its decision whether to agree to (or propose) arbitration with its eye

firmly fixed on its institutional objectives. Thus, weak unions are likely to propose resort to arbitration, and strong unions to reject it; weak managements prefer the arbitral alternative, and strong managements reject it. Weakness or strength is measured, of course, in relation to the adversary and in the light of all forces brought to bear. Arbitration, therefore, commonly appears almost solely in those situations in which the refusal to arbitrate in and of itself weakens the position of either party, namely, in situations such as public utilities, in which refusal to arbitrate aligns external forces against the refuser.

This analysis is, of course, almost superfluous iteration to practitioners of collective bargaining and of arbitration. This reviewer, having played some role in a substantial number of the cases cited, can only say "Amen." Bernstein's formal statement serves a useful purpose in that it brings this aspect of labor relations firmly within the political analytic of collective bargaining so well developed at the University of California.

The methodology of the study—a review of the written reports of the cases—precluded extension of this analysis to many processes within the arbitral one. Some comment is made on "rigged" arbitrations, in which arbitration is resorted to for political reasons, with the outcome informally agreed upon in advance. Allusion is made to the avoidance of arbitration by the setting by one party of conditions unacceptable to the other. The strategic processes of the selection of an arbitrator, or even of the utilization of the selection process to avoid arbitration and at the same time to neutral-

ize public pressures by appearing to be willing to arbitrate without in fact being so, could not, from the nature of the data, be discussed. Though a difficult study to design, such would be an interesting addition to the literature of arbitration and collective bargaining.

Bernstein goes rather extensively into two difficult areas: the criteria of arbitral wage determination, and the measurement of the results. He discovers, as was to be expected, that wage comparison of some sort is the most frequently and persuasively reported criterion. Yet the cases cannot commonly reveal the extent to which such criteria are rationalizations of decisions arrived at on grounds not reportable in an award. Bernstein also discovers that arbitrators commonly "split the difference," more or less, which suggests that that is frequently the basic criterion. The task of the arbitrator in writing an opinion, then, is to find wage comparisons consistent with such a decision, though as one suggestive award cited implies, formal wage criteria may serve to edge the award within rather narrow boundaries toward the position of one of the parties. Paragraphs pointing to further analysis by different methods are those suggesting that the formulation of the demands of the party are influenced by the assumption that arbitrators will rarely render an award giving to either party an apparently overwhelming victory.

The strategy and tactics of wage determination through the processes of collective bargaining are among the significant areas undergoing analysis by modern students of wage theory. This volume formalizes much of what was commonly known but rarely incorporated into theoretical models for

one of many heterogeneous categories of wage-determining processes. It is valuable in that it points to the incorporation of realism of this sort into theory. Perhaps even more valuable, the very limits of the study underline the need for investigation into some of the underlying processes.

Frederic Meyers
University of Texas

SIR CYRIL BURT: *The Causes and Treatment of Backwardness*. New York, Philosophical Library, Inc., 1953. 128 pages. \$3.75.

This book is an abridgement of the author's earlier and more comprehensive publication, *The Backward Child*, and is distinguished from it by references to recent research and by the revision of some of his previous recommendations. The title is somewhat misleading, inasmuch as the discussion of backwardness is almost entirely from a pedagogic point of view and can be taken as synonymous with educational retardation. Furthermore, the contents are heavily weighted with detailed consideration of the causes of backwardness, leaving only a generalized statement on treatment. In this connection it is of interest to American readers to note that the author strongly defends the residential school as an ideal setting for the treatment of the backward child.

A wide variety of the causes of educational backwardness receive attention, including environmental, physical, intellectual, emotional, and moral characteristics. Behind most of these the author finds the existence of an in-born tendency or defect. Thus one of the commonest causes of educational

subnormality is weakness in general intelligence, which "by definition is weakness in innate capacity." For such cases the dreary conclusion is that little can be done and that not too much should be attempted.

The analysis of causative factors in this treatise is atomistic and enumerative, with little beyond passing lip-service to the idea that factors can and do interact. Older concepts of instincts and personality types are freely employed as if there were little reason to question their validity. The dynamic formulations of Freudian psychology are more or less repudiated on doctrinal grounds, and little real effort has been made to draw upon the findings of contemporary American social psychology. The interplay between the retarded child and his classmates, between him and his teachers, the impact of his institutional setting, and the effects of cultural definitions of his status get little or no emphasis. Some gross over-generalizations mar this book, as when the author claims without any documentation that "most of our paupers, criminals and ne-er-do-wells are recruited from the ranks of the educationally subnormal." The comments on speech defects and on the changing of handedness are dubious, to say the least, and suggest an academic rather than a lengthy clinical experience with these problems.

On the whole it is doubtful whether this book will be of great value to American clinicians and teachers of special education, though it must be granted that useful suggestions and some good common sense are scattered through it. Perhaps its greatest value to the American reader will be to acquaint him with the more conserva-

tive English point of view on the subject of backward children.

Edwin M. Lemert

University of California at Davis

KENNETH W. HODGSON (ed.): *The Deaf and Their Problems*. New York, Philosophical Library, Inc., 1954. 364 pages. \$6.00.

This book opens with an explanation of the ear, its anatomy, how it works, causes of failure of the hearing mechanism, and methods used in determining the extent of the hearing loss. It then gives a historical account of the deaf and their problems, with the emphasis beginning with the sixteenth century, though there are references to even earlier authorities. Present also is a detailed description of the development of the alternative methods used in the education of the deaf, namely, manual spelling and signs, and speech and speech reading.

The author describes how, as a result of these opposing methods, a controversy developed which was to be referred to often as the "battle of methods." A discussion of this development in Europe, with emphasis on England, is portrayed; its continuation is traced to the United States. He relates this to the tragedy in the story of the deaf in that one of their greatest problems has been that no effort has ever been made to establish with scientific proof what advantages either method may have.

Hodgson points out that the education and welfare of deaf children are so completely dependent on the state that their treatment has become a yardstick by which to measure the peace,

prosperity, and enlightenment of public opinion.

One chapter is devoted to the contributions of modern science to the deaf, especially the hearing aid, as well as achievements in the medical field. The care and understanding of the growing child and the need for even more understanding on the part of the parents is emphasized in another chapter. Provisions for early training, in an atmosphere filled with language which is meaningful to the child and which works automatically with his will, should be the goal of the society in which the deaf must live.

Hodgson concludes that the opposition centering around the methods of oral and silent teachers should be eliminated and replaced by a solution based on scientific facts gained through international co-operation. This is a book that everyone interested in the deaf would do well to have in his library.

Roy Moore Stelle
Texas School for the Deaf

WILLIAM HOWELLS: *Back of History*. Garden City, New York, Doubleday & Company, Inc., 1954. 384 pages. \$5.00; text edition, \$3.50.

The author of *Mankind So Far* and *The Heathens* has produced a third scholarly and equally interesting book. *Back of History* is the story of the evolution of man and his culture from the earliest times to the dawn of history in Greece and Rome, as well as China, Peru, Mexico, and elsewhere. Out of the evidences of physical evolution, cultural development, and social history, the author has woven a completely

fascinating story. As the story progresses, the origin and significance of language, tools, the beginnings of farming, social organization, religion, inventions, and the rise of cities are skillfully interwoven.

To those who would understand the origin and evolution of early culture, this book is of inestimable value. From the vast maze of materials the author brings into focus the pertinent facts in the development of man and, where the facts do not warrant a definite conclusion, frankly raises many speculative questions.

Back of History is an exceptionally readable book, with a sense of humor and a significant idea in every paragraph. The author employs the device of the "ethnological present" to achieve greater interest and clarity.

To the cliché that "history never repeats itself," the author concludes: "If history never plays precisely the same scene over again, it is because changing culture changes the scenery. But this has not prevented a historian-statesman like Churchill from knowing what England will do by what England has done before."

C. A. Davis
Lamar State College of Technology

SIR ERNEST BARKER, SIR GEORGE CLARK, AND PROFESSOR P. VAUCHER (eds.): *The European Inheritance*. 3 vols. Oxford, The Clarendon Press, 1954. \$6.75 per volume, \$16.80 the set.

These three volumes attempt to present an objective history of Western Europe from prehistoric times to 1950. Under the editorship of Sir Ernest Bar-

ker, Sir George Clark, and Professor P. Vaucher, a group of Western historians have contributed sections representing their specialized interest and research. The inception of the work was the result of a conference of eight Allied Ministers of Education, held in London in 1942, at which time it was resolved to produce an objective history of the West which would be available for use on the Continent and in the English-speaking world following the termination of the war. The hopes of the originators of the idea have been successfully realized in the present work which, despite its initial official auspices, is characterized both by objectivity and scholarship. Designed for use in university classes, the three volumes are models of clarity and exactness of style, and their factual content makes them excellent sources of reference for the general reader. Each volume contains illustrations, maps, and a documents section, in which selections from contemporary materials are assembled for the convenience of the reader. The reviewer knows no better general introduction to European history than is presented in these three volumes, which, although classifiable as a "text," are so ennobled by the characteristic graciousness of English scholarship as not to read like a text at all.

H. Malcolm Macdonald
University of Texas

Other Books Received

March, 1955

Allen, Ethan P.: *State Local Relations in Kansas, Activities of the State*

Board of Agriculture. Lawrence, Kansas, Governmental Research Center, University of Kansas. 138 pages.

Attitudes of Labor Toward City Government. Lawrence, Kansas, Governmental Research Center, University of Kansas, 1954. 32 pages.

Avery, Robert S.: *Experiment in Management, Personnel Decentralization in the Tennessee Valley Authority.* Knoxville, University of Tennessee Press, 1954. 205 pages. \$4.50.

Barclay, C. N. Brigadier: *The New Warfare.* New York, Philosophical Library, Inc., 1954. 64 pages. \$2.75.

Berdyaev, Nicolas: *Christianity and Anti-Semitism.* New York, Philosophical Library, Inc., 1954. 51 pages. \$2.75.

Beresford, Maurice: *The Lost Villages of England.* New York, Philosophical Library, Inc., 1954. 393 pages. \$12.00.

Bersh, Mildred: *Steward Training in C. I. O. Unions.* New York, Student League for Industrial Democracy, Research Tracts No. 2.

Collins, James: *A History of Modern European Philosophy.* New York, The Bruce Publishing Co. \$7.50.

Cuber, John F. (ed.): *Social Stratification in the United States.* New York, Appleton-Century-Crofts Sociology Series. 345 pages. \$4.00.

Davis, Edwin Adams and William Ransom Hogan: *The Barber of Natchez.* Baton Rouge, Louisiana State University Press, 1954. 272 pages. \$4.00.

- Edelman, Murray: *National Economic Planning by Collective Bargaining*. Urbana, Institute of Labor and Industrial Relations, University of Illinois, 1954. 69 pages. Clothbound, \$2.00; paperbound, \$1.50.
- Escott, Florence: *Why Manufacturers Located Plants in Texas*. Austin, Bureau of Business Administration, University of Texas, 1954. 25 pages.
- Escuela de Contabilidad, Economía y Administración, Volumen VI. Monterrey, Mexico, Instituto Tecnológico y de Estudios Superiores de Monterrey, October, 1954.
- Ferm, Vergilius: *A Dictionary of Pastoral Psychology*. New York, Philosophical Library, Inc., 1955. 335 pages. \$6.00.
- General Assembly Action, 1954: A Staff Summary of Legislative Enactments*. Frankfort, Kentucky, Legislative Research Commission, Informational Bulletin No. 11, 1954. 36 pages.
- Gross, Feliks: *Foreign Policy Analysis*. New York, Philosophical Library, Inc., 1954. 174 pages. \$3.75.
- Hobbs, Edward H.: *Behind the President: A Study of Executive Agencies*. Washington, D.C., Public Affairs Press, 1954. 237 pages. \$4.50.
- Jucius, Michael J.: *Personnel Management*. 3rd ed., Homewood, Illinois, Richard D. Irwin, Inc., 1955. 712 pages. \$6.00.
- Kilman, Ed and Theon Wright: *Hugh Roy Cullen: A Story of American Opportunity*. New York, Prentice-Hall, Inc., 1954. 369 pages. \$4.00.
- Knodel, Jay C.: *An Intellectual Primer*. New York, Philosophical Library, Inc., 1955. 82 pages. \$2.50.
- Konvitz, Milton R.: *Bill of Rights Reader, Leading Constitutional Cases*. Ithaca, New York, Cornell University Press, 1954. 582 pages. \$6.50.
- La Barre, Weston: *The Human Animal*. Chicago, University of Chicago Press, 1954. 334 pages. \$6.00.
- LaPiere, Richard T.: *A Theory of Social Control*. New York, McGraw-Hill Book Co., 1954. 552 pages. \$7.50.
- Lawson, Harry O.: *Municipal Finance: A Study of Second-Class Cities*. Lawrence, Kansas, University of Kansas Governmental Research Center, Information Series No. 2. 38 pages.
- Lay, Tracy H.: *Beyond Our Limitations*. New York, Philosophical Library, Inc., 1955. 111 pages. \$3.00.
- Lemert, Edwin M.: *Alcohol and the Northwest Coast Indians*. University of California Publications in Culture and Society, Vol. 2, No. 6. Berkeley and Los Angeles, University of California Press, 1954. \$1.25.
- Lesikar, Raymond V.: *Development of a Statistical Procedure for Estimating Farm Cash Income and Texas Farm Cash Income: 1927-53*. Austin, Bureau of Business Research, College of Business Administration, University of Texas, 1954. 126 pages. \$2.00.
- Lotteries for Housing*. The Martin Zethfield Program, A Program for Economic Stabilization. New York, The William-Frederick Press, 1954. 26 pages. \$1.00.

- Masterson, William H.: *William Blount*. Baton Rouge, Louisiana State University Press, Southern Biographical Series, 1954. 352 pages. \$6.00.
- Meade, Marvin: *Kansas Voter's Guide 1954*. Lawrence, Kansas, University of Kansas Governmental Research Center, Citizens Pamphlet Series, No. 15. 61 pages.
- Moore, Wilbert E.: *Economy and Society*. Garden City, New York, Doubleday & Company, Inc., 1955. 46 pages. \$.85.
- Munro, W. B. and Morley Ayeairst: *The Governments of Europe*, 4th ed. New York, The Macmillan Company, 1954. 783 pages. \$6.50.
- Nottingham, Elizabeth K.: *Religion and Society*. Short Studies in Sociology. Garden City, New York, Doubleday & Company, Inc., 1954. 81 pages. \$.95.
- Oeser, O. A. and F. E. Emery: *Social Structure and Personality in a Rural Community*, Vol. II. New York, The Macmillan Company, 1954. 227 pages. \$3.75.
- Oeser, O. A. and S. B. Hammond: *Social Structure and Personality in a City*, Vol. I. New York, The Macmillan Company, 1954. 312 pages. \$4.50.
- Phillips, Jewell Cass: *State and Local Government in America*. New York, American Book Company, 1954. 715 pages. \$6.00.
- Randall, Clarence: *A Foreign Economic Policy for the United States*. Chicago, University of Chicago Press, 1954. 83 pages. \$1.95.
- A Report for 1952-1954*: New York, The Fund for the Advancement of Education, 1954. 126 pages.
- Snyder, Richard C. and Edgar S. Furniss, Jr.: *American Foreign Policy: Formulation, Principles, and Programs*. New York, Rinehart and Company, Inc., 1954. 829 pages. \$7.00.
- Spreigel, William R. and E. Lanham: *Job Evaluation in Colleges and Universities*. Personnel Studies No. 7. Austin, Bureau of Business Research, College of Business Administration, University of Texas, 1954. 127 pages. \$1.00.
- State-Local Relations in Kansas, The State Board of Health*. Lawrence, Kansas, University of Kansas Governmental Research Center. 154 pages.
- State-Local Relations in Kansas, The State Highway Commission*. Lawrence, Kansas, University of Kansas Governmental Research Center. 79 pages.
- Sturm, Albert L.: *Methods of Constitutional Reform*. Ann Arbor, University of Michigan Press, Michigan Governmental Studies No. 28, 1954. 165 pages.
- Taff, Charles A.: *Traffic Management: Principles and Practices*. Homewood, Illinois, Richard D. Irwin, Inc., 1955. 543 pages.
- Tulane Studies in Political Science*. New Orleans, Tulane University, 1954. 105 pages. \$2.00.

Voters Guide: 1954 Amendments to the Louisiana Constitution. Baton Rouge, Public Affairs Research Council of Louisiana, 1954. 48 pages.

Waldo, Dwight: *The Study of Public Administration*, Garden City, New York, Doubleday & Company, Inc.,

Doubleday Short Studies in Political Science, 1955. 70 pages. \$.95.

Wright, Quincy: *Contemporary International Law: A Balance Sheet*. Garden City, New York, Doubleday & Company, Inc., Doubleday Short Studies in Political Science, 1955. 65 pages. \$.95.

Annual Convention Preliminary Program

THE SOUTHWESTERN SOCIAL SCIENCE ASSOCIATION and THE AMERICAN BUSINESS WRITING ASSOCIATION (Southwest Section), Friday, Saturday, April 8-9, 1955. *General Headquarters:* Hotel Adolphus and the Baker Hotel, Dallas, Texas

Thursday Evening, April 7

Meeting of the Executive Council of the Southwestern Social Science Association, 7:30 P.M.

Friday Morning, April 8

ACCOUNTING SECTION

8:30 A.M.

Chairman: James M. Owen, Louisiana State University

1. "A Well-Informed and Better-Guided Student," William P. Carr, Loyola University
Discussion leader: Earl Clevenger, University of Oklahoma
2. "Recent Developments in Accounting Research," Charles T. Zlatkovich, University of Texas
Discussion leader: Haskell G. Taylor, Texas Technological College
3. "Course Content and Conduct," Emerson O. Henke, Baylor University
Discussion leader: D. W. Curry, Southern Methodist University

AGRICULTURAL ECONOMICS SECTION

8:30 A.M.

Chairman: Bueford Gile, Louisiana State University

General Topic: "The Southern Farmer and Agricultural Legislation"

1. "The Southern Farmer and Foreign Trade," M. D. Woodin, Louisiana State University
2. "The Southern Farmer and Current Agricultural Legislation and Regulation," William A. Faught, Mississippi State College
3. Open discussion

10:30 A.M.

Chairman: John Southern, Agricultural Research Service, United States Department of Agriculture

General Topic: "The Farmer and His Land"

1. "A Comparison of Riparian and Appropriated Water Rights," Wells A. Hutchins, Agricultural Research Service, United States Department of Agriculture
2. "A Comparison of Land-Value Theories and the Everyday Operation of the Land Market," Robert L. Tontz, Oklahoma Agricultural and Mechanical College
3. Open discussion

BUREAU OF BUSINESS RESEARCH SECTION

To be announced

BUSINESS ADMINISTRATION SECTION

To be announced

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ECONOMICS SECTION

9:00 A.M.

Chairman: Harlan L. McCracken, Louisiana State University

General Topic: "Economic Theory and Economic Analysis"

1. "The Return of Cardinal Utility," Clark Lee Allen, Agricultural and Mechanical College of Texas
Discussion: Jim E. Reese, University of Oklahoma
2. "What's Left of the General Theory," Harry Williams, University of Houston
Discussion: Arthur A. Wichmann, University of Wichita
3. "Balance-of-Payments Analysis Reconsidered," Rudolph W. Trenton, Oklahoma Agricultural and Mechanical College
Discussion: P. C. M. Teichert, Louisiana State University

GEOGRAPHY SECTION

9:30 A.M.

Chairman: Harry E. Hoy, University of Oklahoma

1. "Geography of the Rainforest of Western Pichincha and Esmeraldas, Ecuador," Luis Freile, University of Oklahoma
2. "Some Southern Landscapes," Walter Hansen, North Texas State College
3. "The Time Factor in Geographic Analysis," C. J. Bollinger, University of Oklahoma
4. Business meeting

GOVERNMENT SECTION

8:30 A.M.

Chairman: To be announced

General Topic: "The Segregation Problem"

1. "The Court Position," Steve Worth, University of Wichita
2. "The Political Reaction to the Non-segregation Ruling," Rhoten Smith, University of Kansas
3. "The Implementation of the Non-segregation Ruling," to be announced
4. Discussion: To be announced

HISTORY SECTION

9:00 A.M.

Chairman: Herbert Gambrell, Southern Methodist University

General Topic: "American Historiography and Research"

1. "Basic Problems of Historical Knowledge," C. Stanley Urban, Park College, Parkville, Missouri
2. "Survey of American Historiography in the Nineteenth Century," David D. Van Tassel, University of Texas
3. "Work with Archives," Ted Worley, Arkansas Historical Commission
4. "Problems of an Editor of a Historical Journal," Frank D. Reeve, University of New Mexico

SOCIOLOGY SECTION

8:30 A.M.

Chairman: Charles C. Johnson, Baylor University

General Topic: "Marriage and the Family"

10:00 A.M.

Chairman: H. J. Friedsam, North Texas State College

General Topic: "Social Psychology"

1. "The Logic of Inquiry and the Freudian System of Social Psychology," Forrest LaViolette, Tulane University
2. "Friendship Associations in a Group of Public-School Children," Ethelyn Davis, Texas State College for Women

3. "Levels of Aspiration of Hospital Nurses: A Note on Attitudes toward Occupational Mobility," Donald Stewart, University of Arkansas
4. "New Personnel Turnover: A Function of Work Expectations and Negative Reinforcement," Fred R. Crawford, University of Texas, and George W. Baker, Randolph Air Force Base

SOCIOLOGY STUDENT SECTION

9:00 A.M.

Chairman: To be announced

1. "Married Women Employed as Full-time Private Branch Exchange Telephone Operators in Dallas, Texas," Bertha Fritz, Southern Methodist University
2. "What the Churches of Houston Are Doing to Help the Family in Its Problems," Louis Paul Durham, University of Houston
3. *To be announced*

AMERICAN BUSINESS WRITING ASSOCIATION

8:30 A.M. *Registration*9:00 A.M. *Invocation*

Welcome, Kenneth Baker Horning, A.B.W.A. vice-president (South), University of Oklahoma

1. "Advertising—A Primary Tool of Public Relations," Bernard Brister, counselor in public relations
2. Panel: "Direct Mail," Mrs. Virginia Baker Long, chairman, Southern Methodist University; Mrs. Roz Taylor, advertising manager, A. Harris & Company; Mrs. Anna S. Hill, Annahill Direct Mail Advertising; George B. Cole, Creative Direct Mail Advertising; Mrs. Mary C. Cahill, executive assistant to the vice-president, Rogers & Smith

Friday Luncheons

ACCOUNTING LUNCHEON 12:30 P.M.

GEOGRAPHY LUNCHEON 12:30 P.M.

Friday Afternoon, April 8

ACCOUNTING SECTION

2:00 P.M.

Chairman: Horace Brock, North Texas State College

1. "The Effect of Electronic Data Processing on Accounting," E. V. McCollough, Louisiana State University
Discussion leader: I. E. McNeill, University of Houston
2. "A More Effective Teacher," Ralph C. Russell, Texas College of Arts and Industries
Discussion leader: Reginald Rushing, Texas Technological College
3. Business session

AGRICULTURAL ECONOMICS SECTION

2:00 P.M.

Chairman: Archie Leonard, Texas Technological College

General Topic: "Marketing Research in the Area of Merchandising"

1. "Methods and Problems in Research of Merchandising Farm Products," Jerry M. Law, Louisiana State University
2. "Adaptation and Use of Experimental Designs for Research in Merchandising Farm Products," Glen L. Burrows, Statistical Clearance Office, Agricultural Marketing Service, United States Department of Agriculture
3. "Procedure, Problems, and Results of a Study of Consumer Demand for Meat," Elmer Kiehl, University of Missouri
4. "Retailer's Viewpoint of Merchandising Research and Possible Use of Results," *to be announced*

5. Open discussion
6. Business meeting

BUREAU OF BUSINESS RESEARCH SECTION

2:00 P.M.

Chairman: To be announced

General Topic: "Current Governmental Statistical Activities"

1. "The New Censuses," James W. Stroud, regional supervisor, United States Bureau of Census, Dallas
2. "The Combined Release on Employment and Unemployment," *to be announced*
3. "Recent Developments in the Agricultural Statistics Program," *to be announced*

4:30 P.M. Business meeting

BUSINESS ADMINISTRATION SECTION 2:00 P.M.

Chairman: Glenn D. Overman, Oklahoma City University

1. "Fellowship Programs Now Available in Industry to Professors of Business Administration," Jesse B. Johnson, Louisiana State University
2. "The Field of Consulting for Business Professors," Ira Corn, management consultant, Dallas

4:30 P.M. Business meeting

ECONOMICS SECTION

2:00 P.M.

Chairman: John E. Hodges, Rice Institute

General Topic: "Economic Development"

1. "Economics of Growth and Development: The New Economics?" Clarence E. Ayres, University of Texas
Discussion: Clarence H. Danhof, Tulane University

2. "Capital Formation in Underdeveloped Countries," Warren A. Law, Southern Methodist University
Discussion: Wendell Gordon, University of Texas

3. "Is Birth Control a Prerequisite to Economic Development in Latin America?" Julian S. Duncan, chairman, University of New Mexico
Discussion: J. S. Spratt, Southern Methodist University

4:30 P.M. Business meeting

GEOGRAPHY SECTION

2:00 P.M.

Chairman: Tom L. McKnight, Southern Methodist University
Urban-industrial field trip in Dallas area. Details to be announced Friday morning

GOVERNMENT SECTION

2:00 P.M.

Chairman: To be announced

General Topic: "The 1954 Election"

1. "Congressional Seat Changes," *to be announced*
2. "Republicanism and Conservatism in the South and Southwest," O. Douglas Weeks, University of Texas
3. "An Overview of Public Reaction to the Eisenhower Administration," Cortez Ewing, University of Oklahoma

4. Discussion: *To be announced*

4:00 P.M. Business meeting

HISTORY SECTION

2:00 P.M.

Chairman: Francis G. James, Newcomb College (Tulane University)

General Topic: "Southwestern Biography"

1. "Albert Pike," W. L. Brown, University of Arkansas

Discussion: James McLendin, Mississippi State College

2. "General Stand Watie," E. E. Dale, University of Houston

Discussion: J. L. Waller, Texas Western College

3. "A. W. Terrell," C. K. Chamberlain, Stephen F. Austin State College

Discussion: Joseph M. Nance, Agricultural and Mechanical College of Texas

4. "Colonel E. M. House," R. N. Richardson, Hardin-Simmons University

Discussion: *To be announced*

4:30 P.M. Business meeting

SOCIOLOGY SECTION

1:45 P.M. Business meeting

2:00 P.M.

Chairman: Gideon Sjoberg, University of Texas

General Topic: "Sociology of Urban Life"

1. "Attitudes Concerning Urban Versus Suburban Residency in Indianapolis," Byron Munson, North Texas State College

2. "Relocation of Families in Two Urban Disaster-Affected Areas," Fred Crawford and Harry Moore, University of Texas

3. "Propaganda and Promotion as a Factor in Urban Growth," Robert Talbert, Texas Christian University

4. "Continuity of City Manager Careers," George K. Floro, Louisiana State University

5. "Cultural Variability in Ecological Configurations: A Case Study," Elvin Powell, University of Tulsa

3:30 P.M.

Chairman: J. L. Charlton, University of Arkansas

General Topic: "Sociology of Rural Life"

Papers to be announced

STUDENT SOCIOLOGY SECTION

2:00 P.M.

Chairman: *To be announced*

1. "The Marginality and Creativity of the Jew: Some Implications," Mrs. Audrey Borenstein, Louisiana State University

2. "Positivism as a Social Movement," Kent Rice, University of Arkansas

AMERICAN BUSINESS WRITING ASSOCIATION

1:45 P.M.

1. "Improving Written Communications in Industry," Loyd L. Turner, special assistant to manager of Con-vair, Fort Worth

2. Panel: "Report Writing: Integration of Course in Report Writing with the College Curriculum," A. L. Cosgrove, chairman, University of Oklahoma

3. Panel: "The Know-How in the Teaching of Business Writing. New Ideas," Mrs. Lillian Warren, chairman, University of Houston

"Teachers and Textbooks Encumber the Student," E. D. Hedgcock, Agricultural and Mechanical College of Texas

"Preview of Background Material and Related Subjects," Jessamon Dawe, University of Texas

"New Ideas," Ples Masten, University of Houston

Friday Evening, April 8

7:00 P.M. Conference dinner

Presiding: John W. White, first vice-president, University of Arkansas

President's Address: P. F. Boyer, Louisiana State University

Conference Address: *To be announced*

7:30 P.M. Dinner of American Business Writing Association

Chairman: Loyce Adams, Sam Houston State Teachers College
 "Writing Ability Industry Demands of the Business Graduate," Joe J. Synar, advertising and sales promotion manager, Southwest District, General Electric Company

Saturday Morning, April 9

8:00 A.M. General business meeting

ACCOUNTING-BUSINESS ADMINISTRATION SECTIONS (joint meeting)

9:00 A.M.

Chairman: T. W. Leland, Agricultural and Mechanical College of Texas

1. Panel: "The Budgeting Program of the Williamson-Dickie Manufacturing Company," C. D. Williamson, president and general manager of the company, and other executives

AGRICULTURAL ECONOMICS SECTION

9:00 A.M.

Chairman: John W. White, University of Arkansas

General Topic: "Farm and Home Development"

1. "The Unit Approach to Farm and Home Planning," A. C. Magee, Agricultural and Mechanical College of Texas
2. "Goals in Farm and Home Planning and Criteria for Measuring Success," *to be announced*
3. "The Role of All Agricultural Economists in Farm and Home Planning," L. F. Miller, Oklahoma Agricultural and Mechanical College
4. "Farm Management Research Material Essential to Sound Farm Planning," D. W. Parvin, Mississippi State College
5. "How Far Can the Agricultural

Agent Go in Suggesting Alternative Farm Plans?" R. B. Johnston, Mississippi State College

10:20 A.M.

Chairman: R. J. Saville, Mississippi State College

General Topic: "Farm Management Methodology"

1. "The Use of Budget Analysis in Farm Management Research," H. J. Hildreth, Agricultural and Mechanical College of Texas
2. "An Evaluation of Research Techniques in Farm Management," Fred Weigman, Louisiana State University
3. "Fitting Controlled Beef-Cattle Experiments to the Whole Farm System," E. A. Tucker, Oklahoma Agricultural and Mechanical College
4. Open discussion

BUREAU OF BUSINESS RESEARCH SECTION

9:00 A.M.

Chairman: John R. Stockton, University of Texas

General Topic: "Workshop on Bureau Projects"

1. "The Southwest Business Index," Francis R. Cella, University of Oklahoma
2. *To be announced*

ECONOMICS-HISTORY-GOVERNMENT SECTIONS (joint meeting)

9:00 A.M.

Chairman: *To be announced*

General Topic: "Who is Winning the Cold War?"

1. "Soviet Economic Development in the Postwar Period," Murray E. Polakoff, University of Texas
2. "Russian Foreign Policy under

Malenkov" (paper by a State Department representative)

3. "American Foreign Policy under Eisenhower," Oliver Benson, University of Oklahoma
4. Discussion: *To be announced*

GEOGRAPHY SECTION

9:00 A.M.

Chairman: To be announced

1. "Some Kodachromes That Illustrate Geographic Phenomena," Arthur H. Doerr, University of Oklahoma
2. "Economic Geography of Regional Active-Employment Files," Alexander I. Warrington, Louisiana State Employment Service
3. *To be announced*, Edwin Foscue, Southern Methodist University

SOCIOLOGY SECTION

9:00 A.M.

Chairman: A. L. Porterfield, Texas Christian University

General Topic: "Crime and Juvenile Delinquency"

1. "The Factor of Motivation in Theories of Crime," Gilbert Geis, University of Oklahoma
2. "Group Therapy in a Juvenile-Court Setting," John Wall and June Ellis, Juvenile Court of New Orleans
3. "Apparent Motivations of Self-Mutilating Behavior among Girls in a Training School," Mrs. Maxine Burlingham, superintendent, State Training School for Girls, Gainesville, Texas, and Austin L. Porterfield, Texas Christian University

THE *Southwestern* SOCIAL SCIENCE QUARTERLY

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